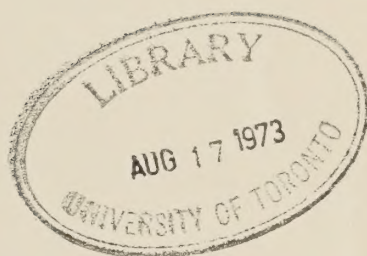




Canada. Parliament. Senate.
Special Committee on Unemployment
Insurance

Minutes of proceedings and
evidence. 1934



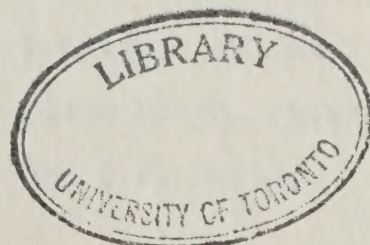


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Witnesses

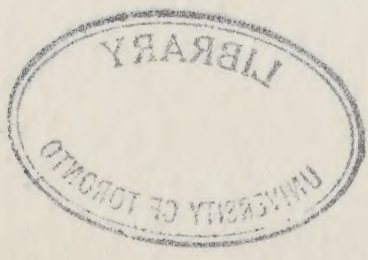
Burford, W.T., All Canadian Congress of Labour	16 April
Campbell, C.A., Manager, Henry K. Wampole Co., Perth, Ontario.	2 April
Clark, J., Store Supt. Robert Simpson Co. Ltd.	28 March
Code, A.L., representing Perth, Ontario Manufact- urers	2 April
Dodds, Jackson, President, Canadian Bankers Ass'n.	21 May
Dodds, J.E. Vice-Pres., T. Eaton Co., Ltd.	28 March
Dupuis, A., representing Dupuis Freres, Montreal	2 April
Finlayson, R.K. Prime Minister's Secretary	4 April 10 April
Flintoft, E.P., representing Railway Association of Canada	2 April 3 April
Gibson, D.H. Vice-President, Robert Simpson Co.	28 March
Henwood, H.B. Vice-Pres., Canadian Bankers' Ass'n.	12 April
Hougham, G.S., representing Retail Merchants' Association	9 April
Kilgour, D.E. Gen. Manager, North American Life Insurance Co.,	10 April
Leonard, T.D'Arcy, Solicitor, Dominion Mortgage and Investment Association	10 April
Macdonnell, H.W. Secretary, Canadian Manufacturers' Association	28 March 2 April
Macpherson, J.E., Vice-President, Bell Telephone Co.	9 April
Martin, F.F., representing Hudson's Bay Co.	28 March
Mills, W.G. Supt., T. Eaton Co. Ltd.	28 March 2 April
Moore, Tom, Trades & Labour Congress of Canada	3 April 10 April
Reid, E.E., Pres. London Life Ins. Co.	12 April
Rutherford, C.D., Actuary, Sun Life Insurance Co.	12 April
Watson, A.D. Actuary, Dept. of Insurance, Ottawa	4 April 10 April 12 April
Wilson, M.W., Gen. Manager, Royal Bank of Canada	12 April

might have an opportunity to be heard?



12 April 1935
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The Chairman: No notices were sent out.

MINUTES OF EVIDENCE

Hon. Mr. Murdock: Do you not think some

should be sent? The Senate Committee will not hear one side without giving a reasonable

Thursday March 28, 1935.

opportunity to the other side to express their

views The Standing Committee on Banking and Commerce,

Right Hon. Mr. Graham: We are having the to whom was referred Bill 8, instituted "An Act to proceedings reported.

establish an Employment and Social Insurance other

side ought to hear what is said?

Commission, to provide for a National Employment

The Chairman: Since I have been Chairman of

Service, for Insurance against Unemployment, for

have been sent out to the public. We always have aid to Unemployed Persons, and for other forms of taken the public into full confidence, but the

Social Insurance and Security, and for purposes of

tions before it. We are going to sit to-day and no related thereto," met this day at 11 a.m.

doubt several days next week on this Bill. During

the 1 Honourable Mr. Black in the Chair. nications from

a number of persons who desire to be heard, and they

The Chairman: Honourable members, we have met all have been notified of our sittings. One

this morning to consider Bill 8, and there are present

there will be a group from the Maritimes and another

a number of gentlemen who desire to be heard in from Montreal next week. If you have a list of

opposition to the measure, and we shall see that

notices are sent to them.

Hon. Mr. Murdock; Mr. Chairman, may I ask if

Hon. Mr. Murdock: No, I have not a list.

notice of a hearing on this Bill has been sent out so

who may want to make representations, unless we are that representatives of groups in favour of it in some way informed.

might have an opportunity to be heard?

MINUTES OF EVIDENCE

The Senate,

Thursday March 28, 1935.

The Standing Committee on Banking and Commerce,

to whom was referred Bill 8, intituled "An Act to

establish an Employment and Social Insurance

Commission, to provide for a National Employment

Service, for Insurance against Unemployment, for

aid to Unemployed Persons, and for other forms of

Social Insurance and Security, and for purposes

related thereto," met this day at 11 a.m.

Honourable Mr. Black in the Chair.

The Chairman: Honourable members, we have met

this morning to consider Bill 8, and there are present

a number of gentlemen who desire to be heard in

opposition to the measure.

Hon. Mr. Murdoch: Mr. Chairman, may I ask if

notice of a hearing on this Bill has been sent out so

that representatives of groups in favour of it

might have an opportunity to be heard?



The Chairman: No notices were sent out.

Hon. Mr. Murdock: Do you not think some should be sent? Surely the committee will not hear one side without giving a reasonable opportunity to the other side to express their views.

Right Hon. Mr. Graham: We are having the proceedings reported.

Hon. Mr. Murdock: Do you not think the other side ought to hear what is said?

The Chairman: Since I have been Chairman of this committee no special notices of our meetings have been sent out to the public. We always have taken the public into full confidence, but the committee cannot know who may want to make representations before it. We are going to sit to-day and no doubt several days next week on this Bill. During the last ten days I have received communications from a number of persons who desire to be heard, and they all have been notified of our sittings. One gentleman is coming in at 11 o'clock this morning; there will be a group from the Maritimes and another from Montreal next week. If you have a list of people who desire to be heard, we shall see that notices are sent to them.

Hon. Mr. Murdock: No, I have not a list.

The Chairman: It is beyond our powers to know who may want to make representations, unless we are in some way informed.

THE CHAIRMAN: I will now call the

Hon. Mr. Minto: Do you not think some

should be sent? Surely the committee will not

hear one side without giving a reasonable

opportunity to the other side to express their

right Hon. Mr. Graham: We are having the

proceedings reported.

Hon. Mr. Minto: Do you not think the other

side ought to hear what is said?

The Chairman: Since I have been Chairman of

this committee no special notices of our meetings

have been sent out to the public. It always was

the intention of the committee that the

public should be kept informed of our proceedings.

It is before it. We are going to sit to-day and to

to-morrow several days next week on this Bill. During

the last ten days I have received communications from

a number of persons who desire to be heard, and they

will have been notified of our sittings. One

gentleman is coming in at 11 o'clock this morning;

there will be a group from the Maritime and another

from Montreal next week. If you have a list of

people who desire to be heard, we shall see that

they are sent to them.

Hon. Mr. Minto: No, I have not a list.

The Chairman: It is beyond our power to know

any one who wants to make representations, unless we are

informed by them.

Hon. Mr. Murdock: It struck me as peculiar that some persons or groups are here to make representations, I personally, as a member of the Senate, did not know that the committee was going to hold hearings before which persons would be invited to give evidence. It seems strange to me that we should go right ahead and take a stenographic record, when I am quite sure there must be a number of interests who do not know this is being done.

The Chairman: Let us get this matter clear. It was announced in the Senate when you were present, Senator, that this Bill was going to be referred to the committee. We have not sent out notices of public hearings, but we never do. People are supposed to inform themselves as to that. But some people have communicated with us and said they would like to be heard. I cannot speak for the committee, but I have no doubt it will hear everybody who wants to be heard, so far as time permits.

Hon. Mr. Damurand: I recognize that there is some advantage in giving present from the beginning all those who wish to present their views to us, because in that way there would not likely be a repetition of statements. The gentlemen who are now present may desire to refer to special features of the Bill as it concerns themselves, so perhaps we shall not be losing any time if we hear them.

The Chairman: I have a list of names here. There are present: Mr. H.D. Gibson, Vice-President of the Robert Simpson Company, Toronto; Mr. John Clark, store superintendent of the same company; Mr. F.F. Martin

that some persons or groups are here to make

statements, I am sure, but I am not sure of the

statements, did not know that the committee was going

to hold hearings before which persons would be

invited to give evidence. It seems strange to me

that we should go right ahead and take a stenographic

record, when I am quite sure there must be a number of

persons who are not here to give evidence.

The Chairman: Let us get this matter clear.

It is not necessary to have a stenographic record.

Second, only those who are invited to give evidence

will be heard. We are not going to have a public

public hearing, but we never do. People are supposed

to inform themselves as to that. But some people

have communicated with us and said they would like to

be heard. I cannot speak for the committee, but I

am sure it will be a very fair hearing.

heard, so far as time permits.

Mr. Barnard: I recognize that there is

an advantage in having present from the beginning

all those who are to give evidence, so that they can

be cross-examined and the committee can

hear the evidence in the beginning.

There is a disadvantage in having present from the beginning

all those who are to give evidence, so perhaps we shall not be losing

any time by having them present.

The Chairman: I have a list of names here. There

are persons, Mr. E. E. Brown, Mr. E. E. Brown, Mr. E. E. Brown,

Mr. E. E. Brown, Mr. E. E. Brown, Mr. E. E. Brown, Mr. E. E. Brown,

Mr. E. E. Brown, Mr. E. E. Brown, Mr. E. E. Brown, Mr. E. E. Brown,

of the Hudson's Bay Company, Winnipeg; Mr. J.E. Dodds, of the T. Eaton Company Ltd., Montreal; Mr. W.G. Mills, of the T.Eaton Company Limited, Toronto; Mr. H W. Macdonnell, of the Canadian Manufacturers' Association, and Mr. Stanley S. Mills barrister.

Hon. Mr. McMeans: Would one representative not be sufficient for each company?

The Chairman: With the consent of the Committee I propose to call one from each company, but if the committee desires to hear the others I see no reason why we should not hear them.

Right Hon. Mr. Graham: We shall no doubt ask questions of one representative which can be answered only by another gentleman.

Hon. Mr. Dandurand: Is the stenographic report to be printed? We have not obtained authority to do so, I think.

The Chairman: We shall have to decide upon that.

Hon. Mr. Dandurand: Some parties may desire to controvert statements that are made, and they will not know what has been said until it is possible for them to get a copy of the report. This is in support of the view stated by Senator Murdock.

The Chairman: Before we adjourn this morning we will decide whether we want the report printed.

Hon. Mr. Murdock: Mr. Chairman, please understand that I am not criticizing, but it seems to me the situation is rather peculiar. You have read the names of a number of gentlemen who are here to be heard. Now as a member of the Senate I did not know that these people were coming to be heard, nor that the committee

Mr. H. W. Macdonnell, of the Canadian Manufacturers'

be sufficient for each company?

committee desires to hear the others I see no reason why

we should not hear them.

was going to have public hearings. Now I imagine that others will want to come a little later and express their views, and if so they certainly would require to know what had already been said by the other side.

Hon. Mr. Dandurand: That is just what I suggested.

The Chairman: I think everything is in order now, Senator.

Right Hon. Mr. Graham: Senator Meighen also will be able to read from the report what is done here this morning.

The Chairman: Yes. The leader of the Senate is busy on other matters and has not been able to get here. May I say for further enlightenment of Senator Murdock that he was just as well informed as to any public hearings as was the Chairman of the Committee.

Hon. Mr. Murdock: I believe that.

Hon. Mr. Cote: I think it was stated in the House that this Bill was referred to the committee for the purpose of hearing representations by parties who desire to be heard.

Hon. Mr. Murdock: If necessary.

The Chairman: The first name on the list here is Mr. H.D. Gibson, Vice-President of the Robert Simpson Company, Toronto, and if it is the pleasure of the committee we will hear him now. I understand, Mr. Gibson, that you represent the retail trade, in a sense, and that you have some objections to this Bill.

Mr. Gibson, Yes, sir.

The Chairman: Perhaps Mr. Gibson had better go ahead and make his statement first.

(B follows)

Hon. Mr. Mordock: I believe that.

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Mr. Gibson:

Mr. Chairman and gentlemen, first, may I say that we appreciate the opportunity of bringing before you ideas which have developed out of a very careful study of the Bill. I have associated with me our Mr. Clark, Store Superintendent, who will be very glad to do as Senator Graham wisely suggests, and furnish you with details. I shall try to adhere to principles.

Hon. Mr. McMeans: Is your objection to the entire Bill?

Mr. Gibson: The general principle is this; that on the ground of stability of labour we would suggest for your consideration that retail business be exempt from the Bill. Then I will proceed to enunciate the reasons which lead us to that conclusion.

The Chairman: I am going to suggest to the Committee that Mr. Gibson be allowed to give his views first, and that we ask questions afterwards.

Mr. Gibson: I also wish to state that we have Mr. Dodds, a Director of the T. Eaton Company, and Mr. Mills, their Superintendent, and also Mr. Martin, who is associated with the Hudson Bay Stores. In addition there are one or two in Montreal, Dupre Freres, and Ogilvy's, who, we believe, are of a like mind with us.

Our Statement is this. It is felt that the operation of retail business, apart from factories and workrooms should be classified as an excepted trade in the same category as banks, insurance

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The Chairman: I am going to suggest to the
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Mr. Gibson: I also wish to state that we
have Mr. Bodda, a Director of the T. Eaton Company,
and Mr. Mills, their Superintendent, and also Mr.
Martin, who is associated with the Hudson Bay Stores.
In addition there are one or two in Montreal, Dupre
Presse, and Orliv's, who, we believe, are of a like
mind with us.

Our statement is this. It is felt that the

and workrooms should be classified as an exempted
trade in the same category as banks, insurance

companies, financial institutions, etc., first, on the grounds of stability of our employment as indicated by the following average as to length of service.

The Unemployment Insurance Bill implies a need. We try to set forth here that we do not feel that there is such a need within the retail business as we have studied it, and out of our history.

In our Toronto store, Sales Division---and I may say we classify very definitely as between the Sales Division and the Service Division---the average period of employment of males is practically seven years, of females 6.3 years, or an average for the two of 6.5 years. In the realm of the Service Division, in respect of males we have 9.2 years, in respect of females, 5.6 years. This is an average of 7.3 years for our Service Division. Then, in our mail order operation, which is entirely separate from the retail departmental business, our male average is 8.5 years, female 7.6 years, or a total average of 7.9 years. Or, if you take the retail operations of the Robert Simpson business and the mail order combined, you have a total average of 6.92 years, or practically 7 years.

Mr. Clark will set forth clearly for you such length of service for the drivers, porters and elevator operators. They run amazingly high, somewhere in the neighbourhood of an average of 9 to 10 years. This is in^a section of the business where, offhand, you might feel they would be exposed to an intermittent supply of labour.

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We try to set forth here that we do not feel that there is such a need within the retail business as we have studied it, and out of our history.

In our service study, called "Service Study" I may say we classify very definitely as between the

period of employment of males is practically seven years, of females 8.3 years, or an average for the two of 6.5 years. In the realm of the Service Division, in respect of males we have 9.2 years, in respect of females, 5.3 years. This is an average of 7.8 years for our Service Division. Then, in our mail order operation, which is similar to the Service Division, our male average is 8.5 years, female 7.6 years, or a total average of 7.9 years. Or, if you take the mail order operation, you have a total average of 7.9 years, or an average of 7.9 years.

...set forth clearly for you such length of service for the drivers, porters and elevator operators. They run amazingly high, somewhere in the neighborhood of 9 to 10 years. This is in the case of the drivers, where, of course, you might feel they would be exposed to an excessive supply of labour.

The second point is the amount of contribution.

Hon. Mr. Cote: What years did you take?

Mr. Gibson: 1929 to 1934.

Hon. Mr. Dandurand: Would the average be the same if you had taken the previous five years?

Mr. Gibson: Let me give exactly the figures. Take 1930---it is the period from 1930 to 1934---in relation to a staff of 5,643 people we estimate there would have been 699 who might have been entitled to unemployment insurance if this Act were in operation. This would mean a change in our policy, which I will amplify later. In 1931, in relation to 5,639 employees, there might have been 502.; in 1932, in relation to 5,440, there might have been 482.

Right Hon. Mr. Graham: If this Bill had been in force.

Mr. Gibson: Yes. In 1933, out of 5,588, there might have been 634 people.

Last year, 1934, our staff was 5,922, and of that number 324 might have been entitled to unemployment insurance. That is the ratio.

Hon. Mr. Cote: Your employment roll in 1930 was 5,643.

Mr. Gibson: Of steady employment.

Hon. Mr. Cote: Have you the figures for 1929?

Mr. Gibson: I have not. Mr. Clark may have them.

Hon. Mr. Cote: I have in mind a possible reduction of staff because of the depression.

Mr. Gibson: We did not feel the depression in 1930. In the spring of 1930 our sales volume was only about \$25,000 less than in 1929. 1930 was one of the best years we had. May I leave Mr. Clark to answer

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Hon. Mr. Dandurand: That is the figure.

was 3,000.

Mr. Gibson: Of steady employment.

Hon. Mr. Cote: Have you the figures for 1933?

Mr. Gibson: I have not. Mr. Clark may have them.

Hon. Mr. Cote: I am sorry to hear that.

Question of staff reduction for the year.

Mr. Gibson: It is not yet decided.

1933. In the spring of 1930 our sales volume was only

about 100,000. In 1934 it was 1,000,000.

Best years we had. May I leave Mr. Clark to answer

some of these details, and I will keep to the principles?

The second thing we would like to bring before you is this: the increased cost imposed upon a character of business which we do not feel is exposed to the need of unemployment insurance. And this is very vital. The amount of contribution which this company, together with its employees, excluding factories and workrooms, would be called upon to make annually would be out of all proportion to the benefits which it is estimated its employees would receive, based on our experience over the past five years. In business you have a group called the industrial group, and another group called the commercial group.

The Chairman: The merchandizing end should be exempt.

Mr. Gibson: Right.

The Chairman: But the manufacturing end should come under the Act.

Mr. Gibson: Right, sir.

We would be called upon to make an annual contribution out of proportion to the benefits which it is estimated our employees would receive as per the accompanying memorandum based on our experience over the last five years. This shows an average of unemployment insurance benefits per annum, a maximum, of \$41,200 providing we change our policy in this respect. We do take care of our own people. We have a profit-sharing fund, an employees' discount, a doctor's and nurse's service, a sickness allowance

some of these details, and I will keep to the

main points.

The second point is that the

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which is required, I think, is

excluding factories and workshops, would be called

upon to make annually would be out of all proportion

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would receive, and it is not necessary to say that

the Government is not in a position to do this

immediately, and the Government group called the

Government group.

The Chairman: The merchandising end should be

considered.

Mr. Gibson: Right.

The Chairman: But the manufacturing end should

come under the Act.

Mr. Gibson: Right, sir.

We would be called upon to make an annual

contribution out of proportion to the benefits which

it is estimated our employees would receive as per

the Government's estimate based on our experience

over the last five years, and which is estimated at

approximately £100,000,000, a maximum.

at that rate, which is about the same as the

total. We do take care of our own people. We have

a special-savings fund, an employees' discount, a

benefit fund, and many other things, a maximum

according to need, pensions on retirement and emergency loans. We take good care of our people, recognizing that the finest asset we have is the men and women in our business.

On calculating this charge it is estimated that the company would have to supply \$63,000, at the lowest minimum, the employees \$63,000, or a total of \$127,000, to which would be added the 20% of the Government, or \$25,000, making a total of \$153,000, against which, over a five-year average the highest figure obtainable would be \$41,000. That means a new cost of \$112,000.

Hon. Mr. Griesbach: Providing you do not recede from any of your established practices.

Mr. Gibson: We could not carry the burden of both.

Hon. Mr. Griesbach: But this Bill is designed to take care of some of the obligations you now carry.

Mr. Gibson: No. The facts are these. We would rather have our continuity of help and take care of our people ourselves. We think we can do it better, with all respect, than any government agency. We have a personal contact, a personal interest---the consumers' contact. Your wife goes into the hosiery department, and if Miss Smith is not there she wonders why. We recognize that sense and need, and carry these folks, and can show a very fine record, if I may say so in all modesty. So I say again there is not a need of unemployment insurance in this type of institution.

Hon. Mr. Griesbach: That is your institution.

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very loans. We take good care of our people,
looking that the finest asset we have is the
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Mr. Gibson: No. The facts are these. We would
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with all respect, than any government agency. We have
contact. Your wife and I have been in contact
if Mrs. Smith is not...
is not a need of unemployment
That is your institution.

Mr. Gibson: I feel that the retail business generally will accede to the same view. Mr. Dodds supports it, Mr. Martin supports it, and so do Dupre Freres and Ogilvy's.

As a business we would have imposed on us a new cost of \$127,000, at the minimum, an amount which can, if trade recovers, reach a much higher figure, half of which comes from a group of employees, who, by test and personal contact, have shown that they are not interested in it. They do not feel the insecurity of their position, and think it unfair that a girl earning \$12.50 a week should have 25 cents taken out of that, the same as is taken out of \$40 that someone else is receiving. Our profit-sharing provision is a very excellent provision for our people.

We feel that as you examine the ebb and flow of labour, and examine into the field of industrial activity to which I refer, you will find that there would be a burden placed on the distributing agencies in order to assist the industrial and manufacturing groups. They will be more prone to regard their employees in a new light, and to say "There is an Unemployment Insurance Act," and we feel that in large measure our new cost will be for the benefit of the industrial field. We feel that there is no reason why we should be required to carry this load, and that we should not be included in such a scheme to the exclusion of banks, insurance companies, and other financial institutions. As a matter of fact, our Employment Manager can testify that he has received applications from many young men formerly employed in banks. Because of this fact

in the distributing business it is correct to say that the necessities of life---food and clothing---are a continuing demand. Actually the demand is higher to-day than it was in 1929. The number of our drivers is just as great to-day as it was in 1929 and 1930. But a banking institution, which is subject to the economic laws, closes its branches and decreases its staff--and the same is true of insurance companies and other financial agencies--and we have many applications from former employees of such enterprises. Our point is that, on the ground of stability of labour, if banks, insurance companies and similar institutions are exempted, we have a right also to claim consideration.

Examining a fair number of our employees we could not find anyone interested or in favour of the Unemployment Insurance Act due to the fact that they have no sense of insecurity with respect to the continuity of their employment with us. We should be glad to have a test taken by the Government, or any independent authority, of the rank and file of our staff to ascertain their opinion of the need for the proposed legislation.

Then we come to another aspect of the Bill, page 34, clause 5:

Where the employed person is employed by more than one person in any calendar week, the first person employing him in that week, or such other employer or employers as may be prescribed, shall be deemed to be the employer for the purposes of the provisions of this Act relating to the payment of contributions.

(Banking and Commerce)

There is what is called a contingent body of help, young ladies who have been with us and who have got married and are glad to have one or two days' work a week. I do not see very clearly how that important body can be taken care of in the light of this statement. In detail.

Now, the **(C follows)** of the picture is this.

It should be pointed out that of the 8,200,000 workers in Canada, the total employed trades cover 1,700,000, or 21 per cent. In agriculture, forestry and logging alone there are some 1,100,000 workers who would be absorbed. In making this broad statement it must be borne in mind that any unemployment insurance charges will necessarily have to be absorbed by adding costs in the various processes. These new costs reflected in the finished products will mean that all the exported trades will have to pay higher prices for goods because of an unemployment insurance fund that is levied for a selected group of workers amounting 8,200,000 in relation to 1,700,000 of the employed trades.

We cannot accept these new added charges and costs, and if you are behind the administration of business to-day, gentlemen, you will realize that one of the most serious problems we are faced with is the rapidly increasing taxation costs. Last year we had 1,700,000 of direct taxes. Now is a new charge kicking itself into a very important figure, and in the process from the beginning of manufacturing right through it is bound to reflect itself in higher selling prices, and we have to emerge from that.

Thank you very much for your consideration, sir.

And the great question is, how to get it done?

The first step is to get the money. The second step is to get the land. The third step is to get the people. The fourth step is to get the government. The fifth step is to get the world.

CHAPTER I

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(Banking and Commerce)

(Mr. Gibson)

That is to say, if you take on Saturday help you expose yourself to the 25 cents on behalf of those persons, and they also become responsible. It is a situation within the retail business that Mr. Clark will explain to you in detail.

Now, the other side of the picture is this.

It should be pointed out that of the 3,900,000 workers in Canada, the total excepted trades cover 1,700,000, or 44 per cent. In agriculture, forestry and logging alone there are some 1,100,000 workers who would be excepted. In making this broad statement it must be borne in mind that any unemployment insurance charges will necessarily have to be absorbed by adding costs in the various processes. These new costs reflected in the finished products will mean that all the excepted trades will have to pay higher prices for goods because of an unemployment insurance fund that is formed for a selected group of workers totalling 2,200,000 in relation to 1,700,000 of the excepted trades.

We cannot escape these new added charges and costs, and if you are behind the administration of business to-day, gentlemen, you will realize that one of the most serious problems we are faced with is the rapidly increasing taxation costs. Last year we had \$704,000 of direct taxes. Here is a new charge blocking itself into a very important figure, and in the process from the beginning of manufacturing right through it is bound to reflect itself in higher selling prices, and we desire to escape from that.

Thank you very much for your consideration, sir.

...the other side of the picture is this. It should be pointed out that of the 2,900,000 workers in the forest, the total expected losses cover 1,700,000, or 41 per cent. In agriculture, forestry and logging alone there are some 1,100,000 workers who would be expected. In making this broad statement it must be borne in mind that the losses are not uniform and that some will be expected to have to be absorbed by adding costs in the various processes. These new costs reflected in the finished products will mean that all the forestry trades will have to pay higher prices for goods because of an unemployment insurance fund that is formed for a selected group of workers totalling 2,800,000 in relation to 1,700,000 of the forestry workers.

...the most serious problems we are faced with is the steadily increasing taxation costs. Last year we had 400,000,000 in direct taxes. Here is a new charge blocking (that) has a very important impact, and in the future the amount of the contribution will increase. It is not to be expected that the forestry workers will be able to absorb the losses from that. I think you very much for your consideration, sir.

The Chairman: Any Questions? It is fair to assume that you have all read the Bill. If you will turn to page 31 you find in Part II, a schedule of excepted employments. This is paragraph (f):

Employment in banking, mortgage, loan, trust, insurance or other financial business. They are excepted. As I understand it, Mr. Gibson, you people want to come somewhat under that group?

Mr. Gibson: Exactly, sir.

The Chairman: If you will turn over to page 32 you will find paragraph (p) reads:

Employment of any class which may be specified in a special order made by the Commission, and declared by the Commission to apply for the purposes of this Act, as being of such a nature that it is ordinarily adopted as subsidiary employment only and not as the principal means of livelihood.

That, I assume, takes care of the group of Saturday workers to which you referred. You could come in under that. Then I think you could also come in under the other exception in the schedule providing for exemption. As to this, however, I should like to have a legal opinion.

Mr. Gibson: We could not get in as it is. We took that very paragraph and made the contention you have, sir, but we were not encouraged. Rather might I suggest, Mr. Chairman, if you will turn to page 7, Part III?

The Chairman: Is that page 7 of the Bill before us?

Mr. Gibson: yea, Mr. Chairman. I desire to leave with you, as a practical contribution, a proposed

Mr. Chairman: Any questions? It is true to
say that you have all read the Bill. If you will
turn to page 12, line 11, a sentence is
inserted. This is paragraph (1).
The Commission is a body of five members.
The Commission is to be appointed by the President.
The Commission is to be appointed by the President.
The Commission is to be appointed by the President.

Mr. Gibson: Excuse me, Mr. Chairman.
The Chairman: If you will turn over to page
32 you will find paragraph (1) reads:
"Employment of any officer which may be questioned
in a court of law shall be the Commission, and
declared by the Commission to apply for the
purpose of this Act, as being of such a nature
that it is ordinarily accepted as subsidiary
employment only and not as the principal means
of livelihood."

That, I assume, takes care of the group of Saturday
morning to which you referred. You could come in
under that. Then I think you could also come in
under the other exception in the Act, providing
for exemption. As to this, however, I should like to
have a brief statement.

Mr. Gibson: We could not get in as it is.
We took that very paragraph and made the correction
that I suggest, Mr. Chairman, if you will turn to

Mr. Chairman: You, Mr. Chairman. I desire to

amendment, a copy of which I have also left with Senator Meighen. It is intended to give the Commission power to exempt the retail business, a power which it does not seem to have at present as we understand the Bill. This is the proposed amendment to subsection 2 of section 15:

Where it appears to the Commission that the terms and conditions of service of, and the nature of the work performed by, any class of persons employed in an excepted employment are so similar to the terms and conditions of service of, and the nature of the work performed by, a class of persons employed in an insurable employment as to result in anomalies in the operation of this Act. ---

These are the words we wish inserted:

(or where it appears to the Commission that the stability or instability of the employment of any class of persons as compared with any other class is such as to result in anomalies in the operation of this Act)--- the Commission may, by regulations either conditional or unconditional or subject to such conditions as may be specified in the regulations, either:-

- (a) provide for including any class of persons employed in insurable employment among the classes of persons employed in excepted employment; or
- (b) provide for including any class of persons employed in excepted employment among the classes of persons employed in insurable employment.

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... of service of, and the nature
... performed by, a class of persons
... employment as to
... in the operation of
... this Act. ---

These are the words we wish inserted:
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... the Commission ...
... conditional ...
... as may be specified in the
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... including any class of
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That, we believe, would place in the hands of the Commission power to deal with the retail trade.

Hon. Mr. Griesbach: By the words "class of persons" do you mean to except those employed by the Simpson Business?

Mr. Gibson: I say the retail business, not necessarily the Simpson business.

Hon. Mr. Griesbach: The retail business of Simpson's?

Mr. Gibson: Yes, but that would imply Eatons and others.

Hon. Mr. Griesbach: I am not asking that. I gravely doubt whether you can provide by statute to exempt people employed by specified firms, such as Simpsons, Eatons, the Hudson's Bay Company. It seems to me you must deal with the whole class of employees throughout the country.

Mr. Gibson: That is why I am emphasizing the retail trade. The classes in paragraphs (a) and (b) are out of the operation of the proposed Bill. The only words we propose to add to the section are those I have mentioned.

The Chairman: These are the words you propose to add to the section:

or where it appears to the Commission that the stability or instability of the employment of any class of persons as compared with any other class is such as to result in anomalies in the operation of this Act.

It may place the retail business among the other excepted businesses.

that, we believe, would place in the hands of the
Commission power to deal with the retail trade.

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the Simpson business?

Mr. Gibson: I say the retail business, not

Hon. Mr. Grubb: The retail business of

Simpson's?

Mr. Gibson: Yes, but that would imply

Watson and others.

Hon. Mr. Grubb: I am not asking that.

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Mr. Gibson: That is why I am emphasizing the
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are out of the operation of the proposed Bill. The
only words we propose to add to the section are those
I have mentioned.

The Chairman: These are the words you

propose to add to the section:

or where it appears to the Commission that
the stability or instability of the employment
of any class of persons is concerned
with any other class is such as to result in
anomalies in the operation of this Act.

It may place the retail business among the other

Hon. Mr. Griesbach: You are speaking for the employers, Mr. Gibson. It seems to me that if we can get an untrammelled expression of opinion from the employees for exemption, there is no reason why they should not be exempted.

Mr. Gibson: Our employees are not interested in this Bill. As I have tried to indicate, they have no sense of insecurity, and they dislike being taxed this 25 cents a week. They feel they would be contributing to a fund which would not be available to them. They are not a bit interested.

Hon. Mr. Dandurand: You have indicated that your staff have an average employment of six or seven years.

Mr. Gibson: Yes, sir, 6.92.

Hon. Mr. Dandurand: Will you explain why they are with you for such a short period?

Mr. Gibson: Mr. Clark, our store superintendent, has a statement as to the ebb and flow, which will answer your question, sir.

Hon. Mr. Dandurand: Another question. You stated during the five year period an average of 400 people would have come under this unemployment insurance. For how long were they laid off, or were they permanently dismissed? If so, how did they fare in employment during that time?

Mr. Gibson: Mr. Clark will deal with that, of your particular business, providing there is any over-riding national reason. But now we are not interested in that.

Hon. Mr. Griesbach: Are you an open or a unionized shop?

Mr. Gibson: We are open. I have no knowledge of any union within retail stores.

Hon. Mr. Griesbach: How can we get an expression of opinion from your people? We could not

Hon. Mr. Gibson: You are speaking for the employers, Mr. Gibson. It seems to me that it is an untrammelled expression of opinion on the employees for exemption, there is no reason why they should not be exempted.

Mr. Gibson: Our employees are not interested in this bill. As I have tried to indicate, they have a sense of insecurity, and they dislike being taxed for work. They feel they would be contributing to a fund which would not be available to them.

You have indicated that you have an average employment of six or seven years.

Yes, sir, 6.22.

Mr. Dandridge: Will you explain why they

are with you for such a short period?

Mr. Gibson: Mr. Clark, our store superintendent, has a statement as to the end and flow, which will answer your question, sir.

Mr. Dandridge: Another question. You

stated during the five year period an average of 100 people would have come under this unemployment insurance. For

the fact that they laid off, or were they permanently

Mr. Gibson: Mr. Clark will deal with that.

Mr. Dandridge: We have not an expression

accept your statement as to what they think, you understand.

Mr. Gibson: We should be glad to have you send someone to discuss it with them.

Hon. Mr. Griesbach: If the employers and the employees are agreed they do not want to come under the benefit of this Bill, I see no reason why they should be compelled to in the absence of some over-riding reason. But before coming to that conclusion we must have an expression of view from both sides.

Mr. Gibson: Most assuredly.

Hon. Mr. Griesbach: How can we get that expression of opinion?

Mr. Gibson: If you will have someone come to our establishment we will give him carte blanche to ascertain on what grounds our employees would be interested in this proposal. For instance, we have drivers with ten years' service, elevator operators with nine or ten years' service, and others with service averaging around seven years. Many of those employees will say, "Why should I contribute 25 cents per week out of my pay?"

Hon. Mr. Griesbach: If your employees take precisely the same view and say, "We object to being taxed because we are not interested," then it seems to me you have established a case for the exemption of your particular business, providing there is not any over-riding national reason. But how are we going to find out from your employees if they hold that view?

Mr. Gibson: I should like very much to have you deputize half a dozen or ten persons to visit our store and interview the employees.

accept your statement as to what they think, you understand.

Mr. Gibson: We should be glad to have you send someone to discuss it with them.

Hon. Mr. Grubb: If the employers and the employees are agreed they do not want to come under the benefit of this Bill, I see no reason why they should be compelled to in the absence of some over-riding reason. But before coming to that conclusion we must have an expression of view from both sides.

Mr. Gibson: How can we get that expression?

Mr. Gibson: If you will have someone come to the Commission and talk to the employers and the employees who would be interested in this proposal. For instance, we have drivers with ten years' service, elevator operators with nine or ten years' service, and others with service averaging around seven years. Many of these employees will say, "Why should I contribute 25 cents per week out of my pay?"

Hon. Mr. Grubb: If your employees take voluntarily the 25 cents a week, the Government will not touch it. It is a voluntary contribution. It is not a tax. It is a contribution to the fund for the benefit of your particular business, providing there is not any over-riding national reason. But how are we going to find out from your employees if they hold that view?

Mr. Gibson: I should like to have you invite half a dozen or ten persons to visit our office and interview the employees.

The Chairman: I do not think we would do that. If your employees do not desire to come under the provisions of this Bill probably they could make representation to us through some of their agents.

Mr. Gibson: We should be glad for them to do so. We have no reason to come here and say things different from what we find them.

Hon. Mr. Griesbach: That question is not raised at all. We are hard-boiled, we want to know from those fellows what they think, not from you.

Right Hon. Mr. Graham: That suggestion is not new. One of the objections to this Bill is the feature of compulsory insurance, whether or not employers or employees want it.

The Chairman: I have heard from the representative of a group of employees objecting to the Bill.

Right Hon. Mr. Graham: I have in view a whole group that do not want the Bill, largely for the reason that they do not need compulsory insurance, and they do not think they ought to be compelled to contribute for the benefit of others who are looked after as well as they are.

Mr. Gibson: Here is the Eaton Company with 26,000 employees, and we have 6,000, that is a total of 32,000. Ask any of them to contribute 25 cents a week, and what will they say? They do not see any necessity for this compulsory contribution.

Hon. Mr. Laird: Have they expressed any opinion in regard to it?

Mr. Gibson: We asked employees indiscriminately throughout the store.

Hon. Mr. Laird: But collectively they have not expressed any opinion one way or the other?

The Chairman: I do not think it would do that.

If your employees do not desire to come under the provisions of this bill probably they could make representation to us through some of their agents.

Mr. Gibson: We should be glad for them to do so.

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Mr. Gibson: Here is the Eaton Company with 25,000 employees, and we have 5,000, that is a total of 30,000. Ask any of them to contribute 25 cents a week, and what will they say? They do not see any necessity for this compulsory contribution.

opinion in regard to it?

Hon. Mr. Baird: But collectively they have not expressed any opinion one way or the other?

Mr. Gibson: No. We have not in respect of Government legislation brought pressure to bear on our people. We have tried to get the facts for you.

Right Hon. Mr. Graham: If you take out the compulsory feature of this Bill I do not know whether it will be satisfactory generally. If you make it voluntary you will find there are many industries in which the employees do not want to pay the 25 cents, or whatever it may be a week, as they do not see any necessity for it. I have had that brought to my notice by my own employees. That is only a special case. In the public interest it may be necessary to have a general measure from which nobody will be excluded. One of the difficulties of the Bill is its compulsory feature.

Mr. Gibson: But, Senator, they have excluded a certain group, and we claim our stability of labour is as good as that of the excepted organizations. We have within our organization a profit-sharing division which is very inviting for our people. They cannot do both. They say to us constantly, "If this is imposed on us we must drop our profit-sharing." We as a company contribute 5 % of our net profits to that fund. We cannot do that plus this unemployment insurance. We do many things, these which I have recited to you, for our fixed employees. We cannot do both.

The Chairman: What is the contribution to the profit-sharing fund?

Mr. Gibson: 5% of their salary per month, with a maximum in the course of the year of \$100.00.

Hon. Mr. McMeans: Do you propose to apply your suggested amendment to the entire retail trade of Canada?

Mr. Gibson: No. We have not in respect of

Government legislation brought pressure to bear on our people. We have tried to get the facts for you.

Right Hon. Mr. Graham: If you take out the

compulsory feature of this Bill I do not know whether

it will be satisfactory generally. If you make it

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which the employees do not want to pay the 25 cents,

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THE SENATE, MAY 12, 1908

RECORDS OF THE SENATE, C-9

Mr. Gibson: I am not speaking for the entire retail trade. One does not like to just come here, sir, and speak for the entire business, and yet I do feel in respect to those who are here that they are fairly representative of the retail trade, the Eaton Company, the Hudson's Bay Company and others.

Hon. Mr. McMeans: You have gone all over that. My idea is that if you incorporate an exception into the Bill you must apply it to the whole business.

Mr. Gibson: That is my thought and judgment, to apply it to the entire retail trade.

Hon. Mr. McMeans: So that the small retail store would be exempted?

Mr. Gibson: Yes. You will find real stability there, often a man and his son or daughter working together.

The Chairman: I think there is no question that all the restail trade would like to be exempted. If the larger retailers want to be exempted, there is no doubt that the smaller ones would.

Hon. Mr. Sinclair: Did I understand Mr. Gibson to say that the estimated contributions by the employees and the company average \$127,000.

Hon. Mr. Griesbach: Is that per year?

Mr. Gibson: Yes.

Hon. Mr. Sinclair: And that the benefits would average only \$41,000?

Mr. Gibson: That is right.

Hon. Mr. Sinclair: What benefits accrue to your employees on the profit sharing.

Mr. Gibson: It is very rapid. I have not the figures but perhaps Mr. Clark could tell you.

Mr. J. Clark: This last year, owing to considerable appreciation of securities, employees who had qualified for profits, who had been ten years with the company, got 17 times their contribution.

Mr. Gibson: That is taking the whole ten year period.

Hon. Mr. Sinclair: I would not understand that to be 17 times 5%?

Mr. Clark: That was mainly due to the appreciation

Mr. Gibson: That is my thought and judgment.

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Mr. Gibson: Yes. You will find retail stability

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The Chairman: I think there is no question that

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Mr. J. Clark: This last year, owing to consid-

erable appreciation of securities, employees who had qualified

for profits, who had been ten years with the company, got

14 times their contribution.

Mr. Gibson: That is taking the whole ten year period.

Hon. Mr. Sinclair: I would not understand that to

be 14 times?

Mr. Clark: That was mainly due to the appreciation

in securities. As a rule it will run to about $1\frac{1}{2}$ to $1\frac{3}{4}$ times the employees' contribution. If an employee puts in \$50 a year, as a rule it will run from \$75 to \$90 a year.

Hon. Mr. Cote: What are we going to do with the stores where an investigation shows that on the basis of their experience they are going to get more benefit than the actual payments made to the fund?

Mr. Gibson: Our conclusion is that that would not exist. If you examine the retail business, just as the financial institutions have been examined, it would be found, I think, that that does not exist.

Hon. Mr. Cote: If we exempt all the good risks we will have to increase the premium on the bad risks and dislocate the whole scheme.

Mr. Gibson: Why impose discrimination against a certain class of industry?

Hon. Mr. Cote: I would like to know the figures concerning the Freiman Company in Ottawa. That is a big retail store which has a practice of laying off people very often. That practice has been going on for the past four or five years in our big stores in Ottawa. If we exempt all the good risks in that classification or any classification, the payments will have to be increased.

Mr. Gibson: Take the automobile industry, where they are paid very high wages because of intermittent labour. Why not make a charge upon them? But why say to a little parcel girl, "We are going to take 25 cents every week off your pay"? And take a man whose factory becomes obsolete and is not opened for months

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to a little parcel girl, "We are going to take 25 cents

every week off your pay?" And take a man whose

factory becomes obsolete and is not opened for months

at a time because he cannot meet competition, why should capable girls and promising young men be taxed to support that kind of thing?

Hon. Mr. Cote: We have to legislate for the benefit of the greatest number.

Mr. Gibson: I know that throughout the retail business across Canada there is a stability of labour which justifies the contention I have tried to make. We are most eager to place before you any facts that you may require, and if you desire to question us at any time we will come at a moment's notice.

The Chairman: I understand that Mr. Clark is more familiar than you are with the statistics for your company?

Mr. Gibson: Yes sir.

Hon. Mr. Sinclair: Are we to understand that you have practically no intermittent labour, that your employees are kept on steadily for twelve months in the year?

Mr. Gibson: We have intermittent labour on Saturdays. Intermittent or temporary help is very seriously affected by this clause, and we do not know how to deal with the situation. We are just heart sick wondering how to deal with it.

Right Hon. Mr. Graham: Temporary and intermittent are not quite the same, as I understand it.

Mr. Gibson: Mr. Clark will be able to go more into detail.

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are not quite the same, as I understand it.

Mr. Gibson: Mr. Clark will be able to go more into

Mr. John Clark appeared before the committee.

The Chairman: Mr. Clark, what is your position with the Robert Simpson Company.

Mr. Clark: Superintendent.

The Chairman: Have any members of the committee questions that they desire to ask Mr. Clark with respect to testimony given by Mr. Gibson?

Mr. Clark, with regard to your temporary employees, that is extra help taken on at Christmas time, Saturdays, and so on, are they not taken care of under the provisions of this Act, any way?

Mr. Clark: There is proposal to take care of them under the provisions of this legislation. But as I understand it the proposal is that we pay the first instalment if they happen to come to us for work first.

The Chairman: My own impression is that they would be taken care of under this clause (p) in the schedule.

Mr. Clark: May I make a statement as to what we call contingent help, or what an honourable senator has alluded to as intermittent help? We employ through the year well over 2,000 people on our temporary staffs. Some of them are former employees who have got married and who want to work one day a week; some of them may be going to school and want to work on Saturdays, which is the big day of the week. At other times we take some of these people on for a few days at a time, around the Easter season and for about ten days in the Christmas season. So they consist of several different classes. In most cases it suits a great many of these people to work. Some of them are also recruited from the ranks of the unemployed, and these are given special consideration, they are absorbed into our permanent staff as quickly as we can absorb them.

Mr. Clark: Have any members of the committee
to testimony given by Mr. Gibson?

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into our permanent staff as quickly as we can absorb them.

Last year we absorbed in that way 440 persons who had been previously unemployed; they worked for us temporarily and became permanent members of our staff.

The Chairman: Was that because of increase in your volume of business, or because some employee got married or dropped out for other reasons?

Mr. Clark: It is because some dropped out to get married, or for other reasons. The policy of our company is that we do not make lay-offs at all. We analyze our labour turnover very carefully and I can give you the details that you may require. There is a natural wastage in the staff through sickness or marriage or other causes, and we take care of that by transferring to our permanent staff people who are upon our contingent staff, as a rule.

Hon. Mr. Sinclair: If I understand it rightly, your contingent help is more spasmodic than seasonal?

Mr. Clark: That is right.

Hon. Mr. Sinclair: That is a weekly contingency?

Mr. Clark: Mostly on Saturdays and any odd sale days.

Hon. Mr. Dandurand: Will you explain how it is that you have such low average of continuity of service?

Mr. Clark: Well, sir, we think that for 5,000 people seven years is a very high average for length of service. I think that if an examination of labour turnover in other occupations throughout this country were made you would find that that is high average.

Hon. Mr. Dandurand: Is it because you have a large proportion of women?

Mr. Clark: Yes. For instance in a year we have about 110 to 150 women who leave on account of sickness:

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Hon. Mr. Dandurand: Is it because you have a

large proportion of women?

Mr. Clark: Yes. For instance in a year we have

about 110 to 120 women who leave on account of sickness.

about 130 leave to be married; about 150 leave the city. Quite a number leave our service without giving any reason at all, though we try to find out the reason. There were 150 in this particular year, 1930, who left to take another position. During the last few years there has not been so much of that.

Hon. Mr. Dandurand: But a certain proportion of your staff, surely, has been with you for a long time, probably twenty-five years?

Mr. Clark: A great many, several hundred.

The Chairman: This Bill does not apply to any of your employees who receive more than \$2,000 a year, does it?

Mr. Clark: No. In that classification the turnover of our staff is very much lower. I mean to say that they stay with us a great many years.

Hon. Mr. Dandurand: Did you say you have no lay-offs?

Mr. Clark: Very few.

Hon. Mr. Dandurand: How do you explain the statement that some 350 would qualify under the Act?

Mr. Clark: We have analysed our labour turnover and classified those that would qualify under the Act. We picked the causes of leaving which would possibly qualify them. For instance when people leave us without a reason we have assumed that they have been unemployed after leaving us, and that therefore they would be included in the classification of people who would benefit under the Bill. And we have included in that the number discharged. Most of the discharges would be for cause. We have classified the discharges into those that would be for cause and those that would be without cause.

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Hon. Mr. Dandurand: How do you explain the statement that some 850 would qualify under the Act? Mr. Clark: We have analysed our labour turnover and classified those that would qualify under the Act. We stated the number of those that would qualify. For instance when people leave us without a reason we have assumed that they have been unemployed after leaving us, and that therefore they would be included in the classification of those that would qualify under the Bill. And we have included in that the number discharged. Most of the discharges would be for cause. We have classified the discharges into those that would be for cause and those that would be without cause.

Hon. Mr. Dandurand: You have no definite data to show that those people would be unemployed one month after they left your service?

Mr. Clark: We have no data to cover that, but we have assumed that they would be.

Right Hon. Mr. Graham: You have assumed that in those figures?

Mr. Clark: Yes.

Right Hon. Mr. Graham: I think that under one paragraph in the Bill if you engage John Smith for a part of one week and Bill Jones for the balance of the week, you would be responsible for the whole week?

Mr. Clark: If the man came to us first. If this Bill becomes operative we will have to consider seriously our whole authority as regards the employment of temporary help, even in their interests. Their rates run from \$2.25 to about \$5.00 a day, and they, of course, will have to make a contribution too.

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Right Hon. Mr. Graham: You have assumed that

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Yes, that is true.

Will you be good enough to read the

paragraph in the Bill if you can go down Smith for a

part of one week and Bill Jones for the balance of the

week, you would be responsible for the whole week?

Mr. Clark: If the man came to us first. If

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of temporary help, even in their interests. Their rates

run from \$2.25 to about \$5.00 a day, and they, of course,

will have to make a contribution too.

(Sighs)

Hon. Mr. Cote: Was there a shrinkage in your staff as a result of the depression?

Mr. Clark: I heard you ask a question relative to that some time ago. You raised the question about 1929. I have no labour turn-over figures with me for 1929---I have them for 19--?, but nothing previous. The situation in 1929 was such that it is not a representative year. We had built a large extension on our premises, and we had not ascertained what was the requisite number of people to adequately man that; and while I have not the exact figures, I know that our turn-over in that year was higher than it has been in any of the previous ten years, even the percentage.

Right Hon. Mr. Graham: There was a special reason.

Mr. Clark: There was a special reason for it.

Hon. Mr. McMeans: If you were compelled to put up some money under this Act, it is suggested that you would add it to the price of the goods.

Mr. Clark: I am not a merchandize man, sir, and I should not answer that question.

Hon. Mr. McMeans: Is that too deep for you?

Mr. Clark: It is not too deep for me, but my job is to look after the people in the business, not the goods.

Right Hon. Mr. Graham: He cannot speak "for the Government."

The Chairman: I suppose you go on the assumption that if you do that someone has to pay the bill.

Hon. Mr. Griesbach: The other gentleman stated that very definitely.

Right Hon. Mr. Graham: Have you any idea of whether the employees in your institution are in favour of this new insurance scheme? Mr. Gibson says they are not, but have you any personal knowledge?

Mr. Clark: Well, I know many thousands of them intimately, but I have not discussed the Act with them. I sent out one of our staff--I said, "Go around the floors of the store and pick the first people you meet, regardless of who they are and what they do, and bring them up to the office. I want to talk to them about the Unemployment Insurance Act." We had a simplified version of the Act written out, and it was read to them and they were asked what they thought about it. I said to the first girl that I spoke to, "How long have you been at work?" She said, "Nineteen years." She said she was not in favour of the Act. I am explaining why. I said, "How much time have you lost?" She said, "One week." I said, "How long have you been with this company?" She said, "Thirteen years." I said, "You were six years in the other position," and she said, "I lost a week in changing my position." I feel no sense of insecurity. I feel that as long as I do my job the company will keep me here." As a matter of fact, when she came to the job she was looked after then.

The Chairman: You have a pension scheme?

Mr. Clark: We have a pension trust fund.

Hon. Mr. Laird: Do the employees contribute?

Mr. Clark: No.

Hon. Mr. Horsey: Were any of those you interviewed in favour of the Act?

Mr. Clark: One boy who had a very hazy idea of the situation was, not that he needed it, but he was in favour of it for the other fellow. He was the lone one that made such a remark.

The Chairman: How many of your employees did you interview?

Mr. Clark: Fifteen.

The Chairman: And one seemed to like it.

Mr. Clark: Yes.

The Chairman: And the others didn't.

Mr. Clark: And the others didn't. They didn't like it from a selfish point of view.

The Chairman: They didn't like the fact that they had to contribute. That was one reason.

Hon. Mr. Cote: On the other hand, a lot of people feel pretty secure without life insurance. Still, death is more certain than unemployment.

Mr. Clark: That is quite right.

The Chairman: Go on.

Mr. Clark: We have 180 drivers. Drivers are notorious for moving around on their jobs, but the average length of service of our men is twelve and a half years, and I am quite sure that if the Committee wanted to get information they would be a good crowd to go to. They are unionized, and would not hesitate to express themselves.

Hon. Mr. Griesbach: Are there any other people in your plant who are unionized?

Hon. Mr. Horsey: None any of those you inter-

posed in favor of the act?

Mr. Clark: One boy who had a very heavy case

in the situation, not that he needed it, but he

was in favour of it for the other fellow. He was

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wanted to get information they would be a good crowd

to go to. They are unionized, and would not hesitate

to express themselves.

Hon. Mr. Griesbach: Are there any other people

in your plant who are unionized?

Mr. Clark: Our maintenance men, painters, carpenters and so forth, are unionized, but we have never had any trouble with any of them.

Hon. Mr. Griesbach: The drivers are unionized?

Mr. Clark: The drivers are unionized—I would say about 50 or 60%.

The Chairman: You think they are not in favour of it?

Mr. Clark: I have not asked that class, but I say a good expression of opinion could be obtained from them.

Right Hon. Mr. Graham: Do you have any trouble about men growing old in the service and still hanging onto their jobs like we do in the Senate, and do you feel that your staff could be rejuvenated by putting them out and taking in younger men?

Mr. Clark: Yes, sir, but we do not put them out. If we put them out we provide for them.

Right Hon. Mr. Graham: You do just as the country does.

The Chairman: Now, we have Mr. Dodds, of the T. Eaton Company, of Montreal. We will be glad to hear from him.

Mr. J.E. Dodds (T.E. Eaton Co. Montreal):

Mr. Chairman and honourable senators, I should like to say one word in endorsement of the utterances of Mr. Gibson of the Simpson Company, who, I think, has presented a case which covers the retail trade, and would be acceptable in general way. However, I am not speaking for the retailers throughout the country, but I should like to read a memorandum which we have

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The Chairman: Now, we have Mr. Dodge, of the T. Eaton Company,

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not speaking for the retailers throughout the country,

but I should like to read a memorandum which we have

hurriedly prepared and which covers some of the phases as we see it from our company's standpoint.

The Chairman: All right, sir.

Mr. Dodds: (Reading)

(Take in memorandum down to the words "employable persons will benefit.")

I should mention that the 26,000 employees referred to include those in our manufacturing establishments, who, we believe with some degree of reason, would be properly classified if they were included under the Act.

The chairman: That is to say, you think your manufacturing plants should be included?

Mr. Dodds: We are not asking that they be excluded.

(Take remainder of manuscript down to the words "proposed Unemployment Insurance Act.")

Gentlemen, that is the memorandum which we prepared, and which we thought would be of interest.

Hon. Mr. Griesbach: You raise a new and interesting thought there in regard to a graded system of contribution.

Mr. Dodds, Yes, sir.

Hon. Mr. Griesbach: With respect to the retail trade.

Mr. Dodds: Yes, sir.

Hon. Mr. Griesbach: The gentleman who preceded you spoke of contributions aggregating \$160,000, and possible benefits of \$40,000.

Mr. Dodds: Yes.

Hon. Mr. Griesbach: Which would suggest a

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cases as we see it from our company.

The Chairman: All right.

Mr. Dobbs: Yes, sir.

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Mr. Dobbs: Yes, sir.

Hon. Mr. Griesbach: With respect to the retail

Mr. Dobbs: Yes, sir.

you spoke of contributions aggregating \$150.

reduction from the 25 cents paid by everybody to 6 $\frac{1}{2}$ cents in the retail trade.

Mr. Dodds: Yes.

Hon. Mr. Griesbach: That would bring the contributions made in line with the benefits.

Mr. Dodds: Yes.

Hon. Mr. Griesbach: Then Senator Cote raises the other point of the law of averages, and the stability of the whole scheme.

Mr. Dodds: Yes.

Hon. Mr. Griesbach: You have made a contribution in that thought, anyhow.

(F Follows)

Mr. Dodds: According to the information we have, we believe our employees and our company will be paying \$550,000, without the employees likely receiving very much benefit from the fund. That is our contention.

Hon. Mr. McMeans: That \$550,000 includes your industrial division?

Mr. Dodds: Yes. I do not know just what the figures would be. They number 5,000; their contribution would be approximately \$20,000.

Hon. Mr. Laird: Have you a profit-sharing scheme similar to that which Mr. Gibson spoke of?

Mr. Dodds: Not on the same lines.

The Chairman: Have you a pension scheme?

Mr. Dodds: For a certain class of the employees, to which they contribute. We have also sick benefit and welfare features. Wages are granted to employees when away ill. We have a system of discounts to employees, and also a system of paying for holidays. When they have been with the company for one year they are entitled to one week's holiday with full pay, and after two years they are entitled to two weeks's holiday with full pay. We take care of that in a similar way to the Robert Simpson Company, that is, we look after and do a great deal for our employees, which of course the public do not have any reason to know about.

Hon. Mr. Cote: Do you say there are 5,000 employees in the industrial section of your undertaking?

Mr. Dodds: I believe there are 5,000 in our manufacturing and working establishment.

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Hon. Mr. McManus: That \$250,000 includes

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Hon. Mr. Cote: Do you say there are 5,000

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Hon. Mr. Cote: Have you made a survey of what they would draw from the fund if they came under the proposed law?

Mr. Dodds: I am sorry to say I have not.

Hon. Mr. Cote: You do not know whether they would draw more or less than their contribution?

Mr. Dodds: No. We should be very glad to prepare figures.

Hon. Mr. Sinclair: Are those factory employees permanently engaged, or are they seasonal?

Mr. Dodds: Employment in the factories depends more or less on the state of the industry in the trade and whether they are successful in getting orders. I should mention that a very large percentage of the merchandise manufactured by ourselves is sold by our retail establishments, and it follows if trade is not so good as it should be for the season, or the season is late, it sometimes interrupts slightly the continuity of employment.

Hon. Mr. Sinclair: In that case the Bill would be of benefit to them?

Mr. Dodds: We do not know whether it would be a benefit. I hesitate to express an opinion on that without getting further figures.

The Chairman: Mr. Dodds, could you give us a statement later on as to the probable effect on your factory employees?

Mr. Dodds: Yes, I shall be very glad to.

Hon. Mr. Sinclair: I think Mr. Dodds suggested that some system of merit rating might be employed.

Mr. Dodds: We suggested that as an alternative arrangement if it were found they were going to be included anyway. We should like consideration given to that suggestion.

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Hon. Mr. Sinclair: Could you develop that?

Mr. Dodds: Not at the present time.

The Chairman: On a percentage basis?

Mr. Dodds: Of course, we feel with Mr. Gibson that the retail trade in general are entitled to be omitted from the Unemployment Insurance Act, and that the employment offered by such companies is equally entitled to it as insurance companies and others who have similar stability of employment.

Hon. Mr. Foster: You mean a merit rating like the Workmen's Compensation Board adopt in regard to manufacturing concerns?

Mr. Dodds: We believe the likelihood in certain industries is much greater than it is in others.

The Chairman: A graded rate according to the percentage of unemployment?

Mr. Dodds: yes.

Hon. Mr. Foster: You state your employees are employed over a period of twelve months, that is to say, there is not much variation in the numbers you employ?

Mr. Dodds: We have a regular staff that is employed very constantly.

Hon. Mr. Foster: You have busy and slack seasons?

Mr. Dodds: Yes.

Hon. Mr. Foster: But you keep those employees on all the time?

Mr. Dodds: There is a regular staff permanently employed.

Hon. Mr. Foster: Your concern will pay into the fund with your employees?

Mr. Dodds: Yes.

that the study was limited by several factors, all of which

collected from the 2000 census. Data on the 1990 census were obtained from the 1990 census.

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Hon. Mr. Foster: The fact that you both contribute to this fund would have a tendency during the slack season of your saying, "We are paying into this fund. We will let some of our employees go on the insurance fund." would it have the tendency of your dropping a number of your employees in slack seasons?

Mr. Dodds: I do not think it would affect the number of employees in the slack season. I should like to mention that I understand during the time they were employed they would be assessed a certain fixed amount per week under the Act.

Hon. Mr. Foster: But by reason of the fact that you and your employees are paying into the fund you might say, "During the slack season we will let them go on the fund."

Mr. Dodds: I do not think that would be the case with our company. But I should think in general employers might feel, "The Government is looking after these employees, and we have less reason to look after them."

Right Hon. Mr. Graham: They would let the Act apply.

Mr. Dodds: Yes.

Hon. Mr. Dandurand: Have you tested to a certain extent the desire of your employees concerning this Bill?

Mr. Dodds: No, we have not made inquiries of our employees. We believe, however, that if the matter was explained to them, and they were expected to contribute, they would consider the steady employment they have and would probably not be very enthusiastic. We believe that to be the case, but we have not tested it at all.

Hon. Mr. Tanner: Mr. Dodds, there is a law

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Hon. Mr. Tanner: Mr. Dodds, there is a law

like this in England.

Mr. Dodds: Yes.

Hon. Mr. Tanner; Are the Retail people in England exempt from its operation?

Mr. Dodds; I could not answer that question. I do not believe they are.

Hon. Mr. Tanner; Nobody knows?

Mr. Gibson; Yes.

Hon. Mr. Tanner; Are they exempt?

Mr. Gibson; They are not, no.

Hon. Mr. Tanner; Don't they have the same troubles you would have here?

Mr. Gibson; I do not believe they would have the same troubles in the same way. They over there have not felt trouble in the retail business as bad as in Canada.

Hon. Mr. Laird; Apparently the depression has not been felt very much in your business?

The Chairman; Any further questions of Mr. Dodds?

Mr. Dodds; I might say, Mr. Chairman, that if there is any further information bearing on this subject that you require, we as a company will be very happy to prepare and submit it for your consideration.

Hon. Mr. McMeans; Do you think it would affect the dividends of your company?

Mr. Dodds; It might affect profits anyway.

Hon. Mr. Dandurand; I could not follow one or two of the questions put to you. Have you any data as to the number of men your company have laid off for some weeks at a time?

Mr. Dodds; I cannot say as to that, Senator, but we have Mr. Mills here, our staff superintendent.

like this in England.

Mr. Dodds: Yes.

Hon. Mr. Tannor: Are the Retail people in

England exempt from the operation?

Mr. Dodds: I could not answer that question.

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Mr. Dodds: (Interjection)

Mr. Gibson: Yes.

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of your company?

Mr. Dodds: (Interjection)

Hon. Mr. Sanderson: I could not follow one or

two of the questions put to you. Have you any data as

to the number of men your company have laid off for

some time at a time?

Mr. Dodds: I cannot say as to that, Senator, but we have Mr.

Mills here, our staff superintendent.

He may have such information, but I doubt if very much.

Hon. Mr. Dandurand; That would have a bearing on the very principle of the Bill.

Mr. Dodds; Yes.

The Chairman; Have you any further questions, Senator Dandurand?

Hon. Mr. Dandurand; No.

Mr. Dodds; Might I add one word more? My understanding as regards special employees to which reference was made just a minute ago is that in order to benefit by the Bill they have to have been employed and contributed for a period of forty weeks.

The Chairman; What is your comment, suppose they have not been employed forty weeks?

Mr. Dodds; They would contribute for the number of weeks they have been employed, but they would not come under the classification as being entitled to the benefit of unemployment insurance.

The Chairman; We will now hear Mr. W.G. Mills, Staff superintendent of the T. Eaton Company.

Hon. Mr. Dandurand; I want to know what is the proportion of your large staff that was laid off, and for what time, in order to see if there would be an advantage to apply the Bill to the retail trade.

Mr. Mills; We have not prepared figures on that, Senator, in the same way that Mr. Gibson has. As a matter of fact we are appearing on rather short notice. We should be glad to submit our own figures in comparable form with those of the Robert Simpson Company now we know how they have presented them.

Hon. Mr. Dandurand; We are told the retail trade does not want the legislation because there is no insecurity of employment. There we are at the crux

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Hon. Mr. Dandridge: We are told the retail

trade does not want the legislation because there is

no insecurity of employment. There we are at the crux

of the question. Is there unemployment in your company, and to what extent, so we may know what would be the benefit of this Bill on your operations?

Mr. Mills: We shall be glad to give those figures, sir. The general position in the retail trade, as Mr. Gibson has pointed out, is this. There is a very sharp distinction between what you might call the regular and the temporary staff that handle the peak business on Saturdays and at Christmas and Easter. It is the regular staff we are speaking of. The temporary staff would not be employed long enough to entitle them to the Act.

Hon. Mr. Dandurand; My question is confined to your regular employees.

Mr. Mills; Our figures would be very similar to those of the Robert Simpson Company. We have steady employment in the regular staff. In our organization there is a large Quarter Century Club, composed of members who have served the company twenty-five years continuously. We believe, and I think we can support it by the necessary figures, that the employment is very stable in the regular staff. The irregular staff, as you might call them, would not be covered in any event.

The Chairman; Would the Committee like to have a statement from the Eaton Company similar to that submitted by the Simpson Company?

Hon. Mr. Sinclair; Mr. Chairman, could not that statement be so made up that contingent or temporary help would be excluded? It does not come under the benefits of the proposed Bill.

The Chairman; That was included in the statement given by the Robert Simpson Company. We do

of the question. Is there unemployment in your company, and to what extent, so we may know what would be the benefit of this Bill on your operations? Mr. Willis: We shall be glad to give those

figures, and the general position in the retail trade, as far as it goes, is that there is a very heavy demand for goods, and the retail trade is very busy. I think that the staff that handle the goods, and at Christmas and Easter, is very busy. I think that the staff would not be employed long enough to entitle them to the Act.

Mr. Willis: I think that the figures would be very similar to those of the retail trade. We have steady employment in the regular staff. In our organization there is a large Quarter Century Club, composed of members who have served the company twenty-five years continuously. We believe, and I think we can support it by the necessary figures, that the employment is very stable in the regular staff. The irregular staff, as you might call them, would not be covered in any event.

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The Chairman: That was included in the

not want to bother ourselves about persons who do not come under the Bill; that would be superfluous. You might let us have a statement covering the permanent staff for a period of five years.

Mr. Mills; We shall be very glad to do so, Sir.

The Chairman; Does any honourable member wish to ask Mr. Mills any further questions?

Mr. Mills; There is just one point, Mr. Chairman, that is raised frequently, and it has been voiced here this morning, about including all the good risks in order to carry the bad ones, and a comparison has been made with life insurance. There is just this answer to that, no life insurance company takes risks without a medical examination. The comparison in this case is if there were a medical examination, in other words, a merit rating of the type which Mr. Dodds has suggested, it would be more equitable than to take all risks, good and bad, indiscriminately and let the good risks carry the bad. It is just the flat rate principle that we feel is not fair.

Hon. Mr. Dandurand; We are dealing now with the retail trade in its entirety, and we must look to the welfare of the whole army of employees and decide what is best.

Mr. Mills; I should think offhand that what would apply to the large store would apply even more to the small store. If possible, there is greater stability of employment in the small store.

The Chairman; There is a Retail Workers' Association. Is that a provincial or a Dominion organization?

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Mr. Miller: We shall be very glad to do so.

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the small 500 store. If possible, there is greater

The Chairman: There is a Retail Workers'

Association. Is that a provincial or a Dominion organization?

Mr. Mills, it is provincial, sir,

The Chairman; There is no Dominion association?

Mr. Mills; As far as I know, as yet there is no official Dominion organization.

The Chairman; Have you anything else, Mr. Mills, to suggest from your side of the question?

Mr. Mills; No. I think Mr. Gibson has covered it so fully that it would be only repetition.

Hon. Mr. Griesbach; You are quite clear in your view. But how are we going to consider the views of the employees? That has a very important bearing on this discussion.

(G-1 follows)

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Mr. Mills; But to do such a thing, unless instructed to do so, would not be wise, because we do not wish to appear as blocking the legislation. We are simply presenting a point of view. We have never in any way influenced our employees. While they are a large block of public opinion, we would not approach them on this matter, certainly, without the permission of the committee.

Hon. Mr. Griesbach; It might almost be expected that you would oppose this Bill. It is designed to protect the employees.

The Chairman; It is to benefit the unemployed.

Hon. Mr. Griesbach; To benefit employees who may lose their employment. They are the people we ought to hear from. I can understand that you will pass the burden on to the consumer, although there may be some difficulty in doing that. I can understand your not being in favour of the Bill. But it is the employees who ought to be represented here.

Mr. Mills; You understand, sir, it would be rather difficult for us to approach them.

Right Hon. Mr. Graham; Have your employees any association?

Mr. Mills; No, sir, the retail employees have never been organized, as far as I know.

Right Hon. Mr. Graham; I thought that the employees of your stores might have a social organization.

Mr. Mills; Owing to the fact that women leave to get married, and so on, it has been very difficult to unionize them.

Mr. Miller: But to do such a thing, unless instructed to do so,

would not be wise, because we do not wish to appear as blocking the legislation. We are simply presenting a point of view. We have never in any way influenced our employees. While they are a large block of public opinion, we would not approach them on this matter, certainly, without the permission of the committee.

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Right Hon. Mr. Graham; They do not want to stay permanently with you.

The Chairman; I think it is a fair assumption that in those branches of business where the employment is fairly regular, no matter what the line of industry may be, the employees do not like this measure, because they have to pay at the rate of 25 cents per adult man. If the large majority in many industries are permanently employed, that group will not be in favour of the Bill. But where there is a great deal of intermittent employment the group will naturally be strongly in favour of the Bill. I am stating not merely my own opinion but what has been expressed to me. I have representations from one group of employees. You run a daily paper, Senator Graham, and you will know from your own experience.

Right Hon. Mr. Graham; A daily paper is in a class by itself, Mr. Chairman. No matter how depressed the times may be you have to get out the same paper every day and have the same number of employees and keep up your overhead.

Hon. Mr. Dandurand; They are not exempted?

Right Hon. Mr. Graham; No, but they do not want to be in under the measure.

The Chairman; May I call attention of the committee to a pamphlet which no doubt all honourable members received through the mail this morning. I looked over it before coming down to the meeting, and if I remember rightly it states that during the year 1933 the average wage of farm labourers throughout Canada was \$18 a month and board, which was figured at \$15. In other words, where a man was boarded the average wage for the year was \$33 per month, on which he had to keep himself and his

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Hon. Mr. Dandurand: They are not exempted.

Right Hon. Mr. Graham: No, but they do not

The Chairman: May I call attention of the committee

received through the mail this morning. I looked over it before coming down to the meeting, and if I remember rightly it states that during the year 1938 the average wage of farm labourers throughout Canada was \$18 a month and board, which was figured at \$15. In other words, where a man was boarded the average wage for the year was \$53 per month, on which he had to keep himself and his

family. They are the people that I would like to see helped.

Hon. Mr. Sinclair; Was that the Economic Analyst?

The Chairman; Yes.

Hon Mr. Dandurand: I suppose the employees of retail trades and of other trades where there is hardly any unemployment do not want to be specially taxed to maintain the unemployed in other trades, while they are being generally taxed as all other ratepayers are.

The Chairman; Yes. Their claim, I assume, is that there should be a graduated tax the same as is applied in connection with Workmen's Compensation. The highest tax in the lumber industry, for instance, is levied against the saw-mills because that is where the greatest hazard is.

Hon. Mr. Foster; Under the Workmen's Compensation Law the classes of an industry that have the largest hazard pay the highest taxes.

Hon. Mr. Cote; I should like to ask a question of Mr. Gibson. Can he tell me the number of industrial employees in his company, the Robert Simpson Company?

Mr. Gibson; Perhaps Mr. Clark could give that information.

Mr. Clark; The factory and workroom employees are classified together. The workroom employees take care of alterations in the store, and so on. In the factory and workroom classification in our company there are about 250 employees.

The Chairman; And in your merchandizing department, how many?

They are the people that I would like to

see.

Now, the committee has had the opportunity

to hear from

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ascertain the number of

Mr. Clark: The factory and work room employees

are classified together. The workroom employees take

care of the operations in the store, and so on. In the

factory and workroom classification in our company

there are about 250 employees.

The Chairman: And in your merchandising department,

how many?

Mr. Clark; In our entire operations, about 6,000.

The Chairman; Of whom about 250 are engaged in factory and workroom occupations?

Mr. Clark; Yes sir.

Hon. Mr. Cote; Have you made a survey to find out how much of their contribution they would get back if they were subscribers to the fund?

Mr. Clark; We have not, sir. Our judgment is that that type of employee should wisely come in under the unemployment insurance.

Hon. Mr. Horsey; Do you know whether employees of banks and financial institutions are covered in the British Unemployment scheme?

Mr. Gibson; In 1911 this Act was passed in Great Britain. I understand that approximately 34 revisions of the legislation have been made in the meantime. At the initial stages and progressively it was discovered that banks and some financial institutions had very substantial pension funds which safeguarded their situation. And on that account they were exempted. But it is right to say that in the Act of 1934, and as they are dealing with it at present, the thought is not to exempt any other institutions. The whole country is brought in, but those who were exempted have the power to stay out.

The Chairman; The next gentleman on our list is Mr. F.F. Martin, of the Hudson's Bay Company, Winnipeg.

Mr. F.F. Martin; Mr. Chairman and gentlemen, I am at a disadvantage to some extent. My headquarters are in Winnipeg but I spend practically half my time travelling around. I was en route to Montreal when I heard of the possibility of appearing before the committee, and I came here although I have no figures or other facts in writing.

Mr. Clark: In our entire operations, about 6,000.

Mr. Clark: Of whom about 250 are engaged in

the same occupation?

Mr. Clark: Yes sir.

Hon. Mr. Gore: Have you made a survey to find out

the number of men who are engaged in the same occupation?

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Mr. Clark: We have not, sir. Our judgment is

that that type of employee should wisely come in under

the unemployment insurance.

Hon. Mr. Horsey: Do you know whether employees

of banks and financial institutions are covered in the

first unemployment scheme?

Mr. Clark: Yes, sir. They are covered in the

first unemployment scheme.

of the legislation have been made in the meantime. At

the present time, the only institutions that are

excluded from the first unemployment scheme are the

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here although I have no figures or other facts in writing.

I want to subscribe to the principles that Mr. Gibson and Mr. Dodds have expressed so well, as to the stability of employment on the regular staffs of our companies. One reason why I think our staff would not be in favour of this measure is that in the provinces of Manitoba and British Columbia--I am not quite sure as to the other prairie provinces--there is a wage tax, I think it is 2%. Labour organizations and staffs have been quite opposed to that, because every time you make up a payroll and deduct 2% it is quite a penalty. If you add 25 cents to that it makes it all the worse from their point of view.

Hon. Mr. Laird; Is that a provincial tax?

Mr. Martin; Yes. And I am sure that if the thing was investigated from the point of view of anyone specially sympathetic to the feeling of labour, although the stores are not organized, that you would get the reaction I have indicted. We spend a great deal of money on our staff because we rely regard the employees as an investment. In retail stores the employees have a certain amount of experience, and time is necessary to develop them. It really gets down to personal service, because there are so many different classes of jobs. And we regard ourselves as making a real investment, so far as the staff is concerned, because after all our staff is our greatest asset. If they were to come and go as they do in some industries we would not be able to build up such a strong organization as we have for the efficient serving of our customers. We have, as you may know, stores stretching from Winnipeg to Victoria, ten of them, and we employ regularly, about 3,500 persons. We have peaks and valleys

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from Winnipeg to Victoria, ten of them, and we employ

regularly, about 2,500 persons. We have desks and typists

by days, weeks and months, hitting a high in the spring and hitting two highs in the fall, probably in October and December. If you were to see the sales line it would be up and down. So we have a permanent staff to take care of the largest part of the business, and then we bring in people who are available for part time work when we need them. Most of them are former employees who have other activities. They come in for a day or two, as the case may be, or for a few days or weeks.

Hon. Mr. Sinclair; Mostly female employees?

Mr. Martin; Yes.

Right Hon. Mr. Graham; That would be at peak times?

Mr. Martin; In the Vancouver store we might take on six hundred or seven hundred for a period of two or three days and then have no need for them. Then sometimes we have to take on extra help during the lunch hour, because so many working people do their shopping at noon. So we have to fill up our ranks whenever it is necessary to do so to give complete service. These people we understand are not to be covered under this Bill, and would be penalized if we were the first to have them. It suits their convenience to work either short hours or during days when sales are on, and that is helpful to us too.

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The Chairman; What percentage of your employees, do you think, are laid off? I do not mean temporary employees that you bring in just for sales events.

Mr. Martin; I may say that we regard it as a reflection on good management to have staff turn-overs. We keep very accurate records of staff turn-over of the regular staff, and the reasons therefor. Our of approximately 5,600 last year we had just under 500 retirements, and of the 500, quoting from memory, I believe the number laid off was approximately 100. The others left for marriage, sickness, other companies attracting our people to opportunities that some of them regarded as better, and so forth.

The Chairman; The wholesale trade is not exempt, is it?

Mr. Martin; I couldn't say.

The Chairman; Is not employment in the wholesale grocery, and drygoods and hardware businesses very much more permanent than it can be in the retail trade? How could we exempt the retail trade unless we exempted the wholesales.

Mr. Martin; I would not be in a position to speak of the wholesales?

The Chairman; They have no temporary employees. I am just expressing a view that has come into my mind. Would you not say that, Senator Foster?

Hon. Mr. Foster; Yes, I would say so.

Mr. Gibson; Mr Chairman, having been in a wholesaler, may I answer you?

The Chairman; You will have an opportunity, Mr. Gibson.

THE CHAIRMAN: That is correct, is it not?

MR. GIBSON: No, I do not.

THE CHAIRMAN: I am sorry that you bring in that

for this reason.

MR. GIBSON: I am not sure as to what is the

of the matter in your mind, but I shall leave

it to you. We have only a few minutes of time left

over of the session, and I am sure that you will

use it wisely.

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THE CHAIRMAN: Is not employment in the whole-

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Would you not say that, Senator Foster?

Hon. Mr. Foster: Yes, I would say so.

MR. GIBSON: Mr. Chairman, having been in a

wholesale, may I answer you?

THE CHAIRMAN: You will have an opportunity.

MR. GIBSON:

Are there any other questions you want to ask Mr. Martin, Gentlemen?

Hon. Mr. Foster; You spoke about the wage tax. What is the minimum earning, below which they are exempt?

Mr. Martin: We have to collect it from everybody, and any credit is through the payment of their income tax. That is in British Columbia, and I am pretty sure the same thing obtains in Manitoba. There are a few exceptions on the juniors, but by the large the staff have 2% deducted.

The Chairman; Now, Mr. Gibson?

Mr. Gibson: Having been in the wholesale dry-goods business for 17 years I may answer your question. First, there is a very strong stability of labour in that business. I cannot speak for wholesale groceries. But due to economic distribution wholesale drygoods have practically disappeared.

The Chairman; That does not apply to the wholesale groceries trade?

Mr. Gibson; No.

The Chairman; It would seem to me that an employee in the wholesale trade is permanent, and if any are going to object I would expect them to do so.

The Chairman; Now, the next name on the list is H.W. Macdonnell of the Canadian Manufacturers Association.

Mr. Macdonnell; Mr. Chairman and honourable members of the Senate, I can be very brief because a good deal of my thunder, if it ever was thunder,

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The Chairman: Now, the next name on the list

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Mr. Macdonnell: Mr. Chairman and honorable

members of the Senate. I can be very brief because

a good deal of my thunder, if it ever was thunder,

has been stolen by Mr. Dodds and some of the others who have preceded me.

The first point I want to speak of is the flat rate of contribution. I entirely agree with what Mr. Dodds has said. The result of the application of that principle is going to be that your low-paid man is going to contribute equally with the highly paid man, and he is going to get very little benefit, whereas the highly paid man is going to get the benefit. The retail store employees or the textile industrial worker is paid a low wage for the very reason that his work is steady and regular. On the other hand, the structural steel worker, and building construction employee generally, is paid a high wage for the reason that his work is intermittent.

Hon. Mr. Sinclair; Seasonal, rather than intermittent.

Mr. Macdonnell; Well, both, in the building and construction, because it is seasonal. I was using the word "intermittent" to cover that.

My point is perfectly obvious, that if these two classes are to pay an equal rate of contribution to this scheme, the result is that your low-paid worker, who is going to get very little benefit, if any, is contributing to keep his fairly well-paid comrade during his periods of lay-off. That is the general objection I have to the flat-rate principle.

In connection with that may I say that it seems to me that all through this Bill is open to the criticism that it is modelled too closely on the English Act. I

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The retail store employees or the textile industrial worker is paid a low wage for the very reason that his work is steady and regular. On the other hand, the structural steel worker, and building construction employee generally, is paid a high wage for the reason that his work is intermittent.

intermittent.

Mr. McDonnell: Well, both in the building and construction, because it is seasonal. I was raising the "intermittent" to cover that.

My point is perfectly obvious, that if these two classes

are to pay an equal rate of contribution to this scheme, the result is that your low-paid worker, who is going to get very little benefit, if any, is contributing the same as the highly paid worker during his periods of lay-off. That is the general objection I have to the flat-rate principle.

In connection with that may I say that it seems to me that all through this Bill is open to the criticism that it is modelled too closely on the English Act. I

submit that conditions in Canada in various respects are very different from those in England. For example, in England they have no winter of any account, and therefore in an industry like the building construction industry they have not got the seasonal conditions of employment that we have. Also, generally speaking, I should say it is true--it is difficult, of course, to generalize--but I should say it is true that wages in England are lower than wages in Canada, and more uniform. There is not as great a difference as between skilled and unskilled labour. For these various reasons, the flat-rate contribution principle may work very well in England, but I submit that it is not going to work anything like as well in this country.

In that connection may I point out that in countries like Germany, Poland, Belgium, Switzerland, Portugal, and one or two other countries, there is not such thing as a flat-rate contribution. The contribution is a percentage of wages.

Hon. Mr. Laird: Are you speaking about insurance over there?

Mr. Macdonnell: Unemployment insurance, yes, sir.

There are about 18 countries which have unemployment insurance schemes more or less along the same lines as that of Britain.

What I would like to suggest is this; that consideration should be given to the possibility--I admit that there are great difficulties from the point of view of administration--but consideration should be given to the possibility of differentiating between one industry and another on the basis of the

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degree of hazard, so to speak, that experience shows the particular industry to be subject to. In other words, it is the same principle that is applied in all other kinds of insurance--health, accident, sickness, marine, and so on. In all these types of insurance the principle is that you try to base your premiums on the degree of risk. Obviously unemployment insurance, is different from those other kinds of insurance, and that is the reason that insurance experts have never, as I understand it, agreed that unemployment was an insurable risk in the proper sense. However, there is no need to go into that. One admits that in the case of unemployment insurance one cannot apply that principle directly to the same extent that it can be applied in the case of life, marine, sickness and such types of insurance. Nevertheless, it is my submission that consideration should be given to the question of whether you cannot go some distance in the direction of basing your rate of contribution on the degree of hazard as shown by experience in this, that, and the other industry.

The Chairman; You are speaking for the Canadian Manufacturers Association?

Mr. Macdonnell; Yes, sir.

The Chairman; You are not speaking in relation to retail business?

Mr. Macdonnell; No, it is the Canadian Manufacturers Association.

Then, failing the possibility of basing rates of contribution in any real way on degree of hazard, I suggest as a second alternative that consideration

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...in all cases.
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I suggest as a second alternative that consideration

should be given to the principle of making your contribution on a percentage basis, not a flat rate. That, obviously, would take care of the situation to some extent. In other words, to the extent that it is true that the low-wage employees have steady employment and therefore are not going to benefit to anything like the same extent as high-wage employees may, the percentage principle would alleviate the situation. In other words, your retail employee, if he is paid a low wage because of steady work, and is not going to benefit from the scheme, at least on the percentage of wages contribution basis, will pay less than his high-wage fellow. That is my point.

Hon. Mr. Griesbach; But is there a relationship between low wages and employment that you think you have found proof of? I do not know that.

Mr. Macdonnell; I do not know that one can press it too far, but it seems to me that generally speaking it is true that in many industries the wage is low for the very reason, in part at least, that the employment is steady. In other industries-- a striking example is the building construction industry--the work is seasonal and intermittent, and the wage is higher than the average wage paid for similar work.

Hon. Mr. Dandurand; I thought the low-wage employees were mainly unskilled, and that they were the ones who would be most likely to come under this Act, as at times they would be more largely unemployed.

Mr. Macdonnell; I think that is true, sir, but I think it is true also that in some industries--

...on a percentage basis, not a flat rate.

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the ones who would be most likely to come under this

Mr. Macdonnell: I think that is true, sir, but

I think it is true also that in some industries--

a large number of industries--skilled workers are paid a lower wage for the reason that their work is steady.

The Chairman; The building trades come under this.

Mr. Macdonnell; I am going to come to that later. We think the building trades ought to be excluded. They come under it at present.

The Chairman; I think there are ways of evading it.

Mr. Macdonnell; That is my first point-- the criticism of the flat-rate principle, and the suggestion that one of these other ways should be adopted for getting away from the flat-rate contribution.

My second point has already been referred to. It is that unless some means is found of preventing an employer who keeps his work steady from being penalized, as I submit he will be under this Act, the almost inevitable result is going to be that employers will adopt the principle of keeping a minimum of employees on full time and letting the rest go on the fund. In saying that I have in mind the discussion in Sir William Beveridge's exhaustive work on the British Act. As you know, he was the chief framer of the British Unemployment Insurance Act, and he has had a hand in a number of the revisions of it, and has written one of the standard works on it. He says on this point, that experience under the British Act shows that employers are prone to do that.

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He actually makes the statement that he is much more afraid of employers abusing the Act than of employees doing so. In other words, his point is that there is great danger of the employers taking the attitude that, having once paid their contribution under the scheme, there is no obligation on them to keep a single man a day longer than it pays them to do so.

(J follows)

It is a very common mistake to think that the only way to get a good result is to use a lot of force. In fact, the best results are often obtained by using a small amount of force, applied in a steady and consistent manner. This is especially true when dealing with delicate or sensitive materials. The key is to find the right balance between force and control, and to practice patience and persistence throughout the process.

do so.

(1000)

(Banking and Commerce)

In other words, the danger is that employers will, as I say, adopt the practice and principle of keeping a minimum of employees at full time and letting the rest go on the fund.

Right Hon. Mr. Graham: In other words, Mr. Macdonnell, would it be misinterpreting your thought if it was said that under this Bill, if it is taken advantage of by the employers, the employees may be worse off than without it?

Mr. Macdonnell: I was just going to deal with that, sir.

The Chairman: Is not that what you intimated before?

Mr. Macdonnell: I was just going to say this. During the last five years, the years of the depression, I think one can fairly say that the great majority of the employers have done their best by spreading work and so on to keep the maximum of employees in at least part time employment. Now under a scheme such as the present Bill, my point is that there is danger of employers, as I say, doing exactly the opposite.

Right Hon. Mr. Graham: Would not that mean that if the employers take advantage of this Bill, as probably they could through their conduct and interpretation of it, their employees would be worse off than they are without the proposed legislation?

Mr. Macdonnell: I think in some cases that might be possible.

Right Hon. Mr. Graham: Suppose a man has had constant employment for twenty-five years, and suppose I were his employer, do you think I could not

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Right Hon. Mr. Graham: In other words, Mr.

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Mr. Macdonnell: I was just going to say

The Chairman: Is not that what you

intended to say?

Mr. Macdonnell: I was just going to say this.

During the last five years, the years of the depression, I think one can truly say that the great majority of the small firms have done their best by maintaining work and so as to keep the maximum of employees in at least part time employment. Now under a scheme such as the present Bill, my point is that there is a danger of employers, as I say, doing exactly the opposite.

Right Hon. Mr. Graham: Would not that mean

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Mr. Macdonnell: I think in some cases

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had constant employment for twenty-five years, and suppose I were his employer, do you think I could not

take advantage of this Bill and squeeze him out and still keep within the four corners of the legislation?

Mr. Macdonnell; I suppose the possibility of exclusion entirely should be there.

Hon. Mr. Dandurand; I may say that I have heard a statement repeated more than once that a manufacturer in England was employing his men just three days in the week because under the law if the employee was without employment during three days in the week he went on the dole.

Hon. Mr. Foster; You spoke of a number of unenumerated countries which have adopted unemployment insurance. Can you tell this Committee as to whether or not in those countries they departed from the principle of a set rate, or whether any of them adopted the principle of a graduated contribution?

Mr. Macdonnell; A graduated rate of contribution?

Hon. Mr. Foster; Yes, have they departed from the flat rate?

Mr. Macdonnell; Yes, Germany, Poland, Italy, Belgium, Switzerland, in some of them altogether and in others part, have the system, not of a flat rate of contribution, that is 25 cents a week or something as it is in England, but, as I say, a percentage on wages.

The next point I want to make, Mr. Chairman, is with regard to the exclusion of the banking, insurance and financial houses generally. Our proposal is that those good risks should not be excluded, but should be brought in. Our advice is that the financial stability of this scheme is by no means assured, and we think to bring in these good

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risks, financial houses, banks and insurance companies, and so on, is necessary if the scheme is to have a proper chance of being financially stable. By the same token, our proposal is that the building and construction industry should be excluded along with that group of seasonal employment, farming, fishing, lumbering, water transportation and so on. These occupations are excluded because they are so markedly seasonal. We say building construction is also markedly seasonal, it belongs to that group, it should be out, and, as I say, banks, insurance and trust companies and so on, should be in. Otherwise we have great fears for the financial stability of the scheme.

The Chairman; Thank you, Mr. Macdonnell.

Hon. Mr. Dandurand: I have a telegram from Mr. Albert Dupuis, president of Dupuis Freres Limited. He suggests that the departmental stores be freed from the operation of the Bill because their employees enjoy permanent employment.

The Chairman; We will put that on the record.

Gentlemen, we will adjourn now to meet on Tuesday morning at 11 o'clock.

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The Chairman: Thank you, Mr. Macdonnell.

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He suggests that the departmental stores be freed from

the operation of the Bill because their employees

are permanent employees.

The Chairman: We will put that on the record.

Gentlemen, we will adjourn now to meet on

Tuesday morning at 11 o'clock.

MINUTES OF EVIDENCE

The Senate, 1100

Ottawa, April 2, 1935.

The Standing Committee on Banking and Commerce, to whom was referred Bill 8, an Act to establish an Employment and Social Insurance Commission, to provide for a National Employment Service, for insurance against unemployment for aid to unemployed persons, and for other forms of social insurance and security, and for purposes related thereto, met this day at 11 a.m.

Right Hon. Mr. Graham, Acting Chairman, in the Chair.

Acting Chairman; Gentlemen, we were considering Bill No. 8 and were hearing representations concerning it. Mr. Mills of the T. Eaton Company was to furnish the Committee with some figures. I believe he is here with those figures.

Mr. Mills; Yes, sir.

Acting Chairman; All right, Mr. Mills.

Mr. W.G. Mills; Mr. Chairman, The Robert Simpson Company the other day presented a rather more complete case than we did in point of figures, and the Committee asked that comparative figures for the Eaton Company be presented. We have the figures. Do you wish them read into the record?

Acting Chairman; Shall we have them read into the record?

Right Hon. Mr. Meighen; Could you give the outstanding figures?

Mr. Mills; I will abbreviate them.

Acting Chairman; Then they will go into the record.

THE HOUSE OF REPRESENTATIVES
IN SENATE AND HOUSE
JANUARY 1, 1902

THE CHAIRMAN: I have the honor to announce to the House that the report of the Committee on the subject of the proposed amendment to the Constitution, which was introduced by Mr. [Name] on January 1, 1902, has been received. The report is as follows: [The report of the Committee on the subject of the proposed amendment to the Constitution, which was introduced by Mr. [Name] on January 1, 1902, has been received. The report is as follows:]

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Mr. Mills; The following are the employment figures of the R. Eaton Company, apart from the factories and workrooms. The Company is not asking for special consideration of its manufacturing business, but exclusively of the retail and mail order ends. These are the figures, in general, in substantiation of the retail claim to be placed in the same category as the banks, insurance companies and Civil Service. The following is a table showing the averages as to length of service. That was the main question as to stability of employment.

I will not read the detail figures but will give the average length of service. In the sales department the average length of service is 6.7 years. That may not seem long in itself, but the turn-over in the department store in the female help, which comes in at about 18 and gets married--

Hon. Mr. Griesbach; What is the proportion of female help?

Mr. Mills; About 60%, sir. The average is 6.7 years. I think the male average of employment is 8.3 years in the selling, and the average of female service 5.8 years, or a total of 6.7 years.

In the non-selling departments, that is the service departments, as we call them, the male average is 10.6 and the female 5.6 or a total average of 8.7 years.

Right Hon. Mr. Meighen; Does that include people just taken on and of whom you have no knowledge whether they will be any good or not?

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...in the ... the ... help, which comes in at about 18 and 20 years ...

Hon. Mr. Gribb: That is the proportion of

Mr. Miller: About 60, Sir. The

average is 6.7 years. I think the male average of employment is 8.8 years in the ... and the average of female service 6.8 years, or a total of 6.7 years.

In the non-selling departments, that is the service departments, as we call them, the male average is 10.6 and the female 6.6 or a total average of

that Hon. Mr. ... does that include ... they will be any good or not?

Mr. Mills; That includes everything, sir. There is a very large turn-over in what we call the Junior help, parcellers, who do not come into the business to make a vocation of it, and who serve three or four years until they get married.

In the mail order the length of service is somewhat greater. The average length of service is 12.3 for males and 8.6 for females, or 10.1 for both in the selling end of the mail order.

That makes a total for both the store and the mail order of 7.8 years.

Hon. Mr. Griesbach; That is practically the same as the Simpson figure.

Mr. Mills; They are very close, sir. For some reason our male length of service is rather longer than Simpson's and the female service somewhat shorter; but the average is very close.

In addition, it might be mentioned that the average length of service of our 286 drivers in Toronto--that is a highly organized trade, and was spoken of by the Robert Simpson Company--is 12.7 years. The average length of service for the elevator people, also mentioned by the Simpson Company, is 16.7 years.

Then we have in Toronto alone 937 members of what we call the Quarter Century Club. That is employees of 25 years service or more, who receive special privileges.

Acting Chairman; How many?

Mr. Mills; Nine hundred and thirty-seven in Toronto alone, and a total of 1,100 odd for the company as a whole. I have a table showing the

Page 107841

average length of service. These figures are for Toronto only. The figures for the whole of Canada were too complicated to get in a hurry, and Toronto, we believe, would show a fair average, because Winnipeg would probably be slightly longer than the Toronto store, and Montreal somewhat shorter, owing to being a new store. We felt that Toronto would give the best average. In the store there are 15.7 only of the employees who have had less than one year's service; there are 75.2 per cent of the employees who have had two years' service or more.

(Mr. Mills)

There are 54.7 who have had 5 years' service or more, 28.6 who have had ten years' service or more, 18½ per cent with 15 years' service or more, and 9.3 with 20 years' service or more and 4.2 with 25 years' service or more.

I have these same figures for the mail order, which are somewhat greater. For instance, in the mail order the percentage of people with ten years' service or more is 43.2 %, and 33½ % with 15 years' service or more.

The amount of the contribution which the T. Eaton Company together with its employees--again exclusively of its manufacturing business altogether--would be called upon to make annually under the Bill would be out of all proportion to the benefits which it is estimated the employees would receive. We have a detailed memorandum showing this, based on the employment experience over the past 5 years.

Hon. Mr. Griesbach; Assuming the Act were in force last year?

Mr. Mills; For the past 5 years, either by the year or for the full period.

Hon. Mr. Griesbach; The Simpson people brought their table down to the effect of the Act if it were in force during 1934.

Mr. Mills; We have in that way too, sir.

Hon. Mr. Griesbach; Let us get the comparison.

Mr. Mills; This shows an average of unemployment insurance benefits per annum of \$133,879.

Hon. Mr. Griesbach; For the employees alone

There are 34.7 who have had 5 years' service or more,
28.6 who have had 10 years' service or more, 11.1 who
have had 15 years' service or more, and 9.6 who
have had 20 years' service or more and 4.8 who have had 25 years' service
or more.

I have these same figures for the year 1939-40.
The number of people with 10 years' service
is 28.6 in 1939-40 and 34.7 in 1941-42. The number of people with 15 years' service
is 11.1 in 1939-40 and 9.6 in 1941-42. The number of people with 20 years' service
is 4.8 in 1939-40 and 4.8 in 1941-42. The number of people with 25 years' service
is 0.0 in 1939-40 and 0.0 in 1941-42. The number of people with 30 years' service
is 0.0 in 1939-40 and 0.0 in 1941-42. The number of people with 35 years' service
is 0.0 in 1939-40 and 0.0 in 1941-42. The number of people with 40 years' service
is 0.0 in 1939-40 and 0.0 in 1941-42. The number of people with 45 years' service
is 0.0 in 1939-40 and 0.0 in 1941-42. The number of people with 50 years' service
is 0.0 in 1939-40 and 0.0 in 1941-42. The number of people with 55 years' service
is 0.0 in 1939-40 and 0.0 in 1941-42. The number of people with 60 years' service
is 0.0 in 1939-40 and 0.0 in 1941-42. The number of people with 65 years' service
is 0.0 in 1939-40 and 0.0 in 1941-42. The number of people with 70 years' service
is 0.0 in 1939-40 and 0.0 in 1941-42. The number of people with 75 years' service
is 0.0 in 1939-40 and 0.0 in 1941-42. The number of people with 80 years' service
is 0.0 in 1939-40 and 0.0 in 1941-42. The number of people with 85 years' service
is 0.0 in 1939-40 and 0.0 in 1941-42. The number of people with 90 years' service
is 0.0 in 1939-40 and 0.0 in 1941-42. The number of people with 95 years' service
is 0.0 in 1939-40 and 0.0 in 1941-42. The number of people with 100 years' service
is 0.0 in 1939-40 and 0.0 in 1941-42.

in force last year?
Mr. Miller: Not the last 5 years, either by
the year or for the full period.
Hon. Mr. Gresham: The question is whether the
table down to the effect of the Act if it were in
force during 1934.

Mr. Miller: We have in that way too, etc.
Hon. Mr. Gresham: Let us get the comparison.
Mr. Miller: This shows an average of
unemployment insurance benefits per annum of \$125,879.
Hon. Mr. Gresham: Not the employees alone

or the total?

Mr. Mills; That is, the benefits the employees would receive under the Act, as against the estimated annual contributions by the Company itself of \$216,340 and \$216,340 from the employees. Together those contributions make a total of \$432,680.

Hon. Mr. Griesbach; Do you include the Government contribution there?

Mr. Mills; No, I have that separately.

Right Hon. Mr. Meighen: What was the total benefits?

Mr. Mills; \$135,879. I might say, gentlemen, that in arriving at these figures we have estimated that everyone who was let go would receive full unemployment benefit. We are assuming for the sake of argument that they would not be employed again at all. There might be some deduction for that in better times, possibly there would not be in the last year or so, but that is taking the full maximum 13 weeks as against 40 weeks' payments. There is a difference of \$298,801, or over the five year period there would be a total excess of contributions over benefits of \$1,494,000. This means the benefits received by the employees would only amount to 31% of the total amount contributed by themselves and the company.

Acting Chairman; Outside of the Government?

Mr. Mills; Out side of the Government.

In addition to the above, the Government undertakes, of course, to contribute 20% of the total contributed by the company and its employees \$86,556 per annum, making a grand total for the company and its employees and the Government of \$519,216 as against estimated benefits to the employees of \$135,879.

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contributions make a total of \$48,000.

Hon. Mr. Grinnell: Do you include the

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Mr. Miller: No, I have that separately.

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40 weeks' payments. There is a difference of

\$38,801, or over the five year period there would be

a total excess of contributions over benefits of

\$1,404,000. This means the benefits received by the

employees would only amount to 21% of the total amount

contributed by themselves and the company.

...

Mr. Miller: On the side of the Government.

In addition to the above, the Government

... of course, to contribute 20% of the

total contributed by the company and the employees

...

and the employees and the Government of \$12,816 as

...

Hon. Mr. Griesbach; Is that one year?

Mr. Mills; One year, sir. This means the employees would receive only 25.7 % of the total amount of the contributions on their behalf by the three contributors.

Hon. Mr. Griesbach: Those figures are the same as those for the Simpson people?

Mr. Mills; They are on the same basis as the Robert Simpson Company.

Hon. Mr. Hughes: Who would get the rest of the money?

Hon. Mr. Griesbach; That would support the scheme in other parts of industry in Canada.

Hon. Mr. Laird; The costs of administration would have to come out of that.

Mr. Mills; That does not include any costs of administration of the company, which would be quite heavy under the operation of this Act, because in Toronto alone we have 13,000 employees. That would mean 13,000 odd cents deduction from every pay envelope and 13,000 employment books to be stamped every week. So the clerical labour and costs of administration would be quite an item in addition to that. This is simply the basis of contributions.

That means, taking the three contributions together over the 5 years, and excess of contributions over benefits of \$1,926,685.

Acting Chairman; That would be for your institution?

Mr. Mills; That would be for the T. Eaton Company alone.

Hon. Mr. Sinclair; For the five year period?

Mr. Mills; Yes. I have shown it both ways,

the money?

Hon. Mr. Giesbach: That would support the

Hon. Mr. Giesbach: The cost of administration

would have to come out of that.

Mr. Mills: That does not include any cost of

administration of the company, which would be quite heavy

under the operation of this act, because in Toronto alone

we have 12,000 employees. It would mean 12,000 old cents

books to be stamped every week. So the clerical labour

and cost of administration would be quite an item in

addition to that. This is simply the basis of contributions.

that means, taking the three contributions

together over the 5 years, and excess contributions

over benefit of \$1,000,000.

one year and five years.

Right Hon. Mr. Meighen: Mr. Mills, there would be companies in England corresponding to yours no doubt in the same line of business, and probably with equal stability of employment?

Mr. Mills: Yes.

Right Hon. Mr. Meighen: What is the name of the big departmental store in London?

Mr. Mills: Selfridges.

Right Hon. Mr. Meighen: Are not they in the unemployment insurance scheme in England?

Mr. Mills: The same situation obtains over there, I believe.

Right Hon. Mr. Meighen: They are not contracted out?

Mr. Mills: No, not the department stores.

Right Hon. Mr. Meighen: They have to pay?

Mr. Mills: Yes.

Right Hon. Mr. Meighen: If they raised objections, what was the result?

Mr. Mills: I believe the general feeling in England is that the retail trade has stood up so well under the general operation of the dole, so-called, that they have not raised any complaints. The basis of the argument in Canada seems to be a little different. I understand that in England, for instance, out of a population of 45,000,000 odd there are only 750,000 people engaged in agriculture; whereas in Canada the total occupations which would not benefit by the Act are about 44%. The view probably would be that in England they are all supporting each other. In Canada the cost of unemployment insurance would undoubtedly be added to prices, and it would be more widely spread over a period.

Right Hon. Mr. Meighen: You would not be at

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objections, what was the result?

Mr. Miller: I believe the general

in fact is that the result

under the general operation of the

they have not raised any

anyway in fact, to be a

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any disadvantage at all with your competitors, either the Simpson Company or any of the smaller stores; they are all going to come in?

Mr. Mills; Yes.

Right Hon. Mr. Meighen: Consequently this proposed law, if everyone is going to be put on the same footing, would necessarily distribute the cost among the purchasers of Canadian retail goods?

Mr. Mills; It would have a tendency to increase the price spread undoubtedly. That is another added item of expense to retail operations.

Right Hon. Mr. Meighen; And I suppose the farmer would have the biggest end to pay?

Mr. Mills; Undoubtedly. There is no margin in the retail business to-day to take it out of. It must be added to the price spread.

Acting Chairman; Do the small retail firms come under this?

Mr. Mills; As the Bill stands, yes.

Right Hon. Mr. Meighen; I do not just see how you are going to be hurt, because inasmuch as all are exactly on the same footing, there is no way of getting retail goods except through all who are on a similar footing with yourselves.

Mr. Mills; There would be no competitive disadvantage.

Right Hon. Mr. Meighen; None at all?

Mr. Mills; No.

Right Hon. Mr. Meighen; Consequently it just means the purchasers stand in your case the loss, and I presume the purchasers in other lines would get that benefit, for instance, automobile purchasers. As it is now, automobile companies pay about two prices, don't

any disadvantage at all with your competitors, either the Simpson Company or any of the smaller stores; they are all going to close in.

Mr. Miller: Yes.

proposed plan, it was more is going to be put on the same footing, would necessarily eliminate the cost among the competitors of business retail goods.

Mr. Miller: I would have a tendency to

another added item of expense to retail customers. Right Hon. Mr. McPherson; and I am sure the answer

would have the highest and be paid.

Mr. Miller: Undoubtedly. There is no margin

in the retail business to-day to take it out of. It

must be added to the other stores.

Acting Chairman: So the answer is no.

There come under this

Mr. Miller: As the bill stands, yes.

Mr. Miller: I do not just see

how you are going to be hurt, because inasmuch as all

are exactly on the same footing, there is no way of

retailing retail goods except through all who are on a

smaller footing with yourselves.

Advocate.

Right Hon. Mr. McPherson; have we any?

Mr. Miller: No.

means the purchase of your own the loss, and I

now, automobile companies pay about two prices, don't

they, for the short time they have it, and if this goes through they will average that down, and I presume the balance would be taken care of by the insurance, which would result in a lesser cost, would it not? That is the benefit of your over-payment will have to be distributed too?

Mr. Mills; Yes.

Right Hon. Mr. Meighen: That is really the economic outcome?

Mr. Mills; There is the other side.

Right Hon. Mr. Meighen; yes.

Mr. Mills; That is only regarding the companies. Now the employee receives no corresponding benefit, he cannot pass his contribution on to anybody else, he has got to pay it. If you regard the thing from the company's standpoint, it simply puts the company on the same basis.

Right Hon Mr. Meighen: As others.

Mr. Mills; Yes, as others, But the employee is not put on the same basis as the others, because employment in the retail business is relatively stable. whereas employment in other lines is in some of them highly seasonal, and the comparatively low pay of the retail employee will be assessed year after year to pay for the seasonal occupation where wages are comparatively higher.

Right Hon. Mr. Meighen; I should think it would probably result in the company really paying both, for will it not have a tendency to bring about a higher range of wages?

Mr. Mills; Not necessarily, sir. I do not see how it could.

Hon Mr. Griesbach; Your figures are much

the same as in son's, practically 1 to 4;
that is, you pay in \$4 and get \$1 out.

Mr. Mills; Yes.

Hon. Mr. Griesbach; What would you say about the proposal of a varying rate for different businesses? You have some persons there that need this assistance. If you divide the contributions by 4, and instead of paying 25 cents they pay 6 1/4 cents, then they would get out what they put in. What have you to say about that?

Mr. Mills; We were basing the case on two points, either exemption of the retail trade along with the banks and insurance companies, or the establishment of a merit rating which would take into account the employment risk in the trade concerned.

Hon. Mr. Griesbach; Have you given any thought to the scheme as a whole and the practical necessity of having persons like yourselves pay more than you get out of it to maintain the whole scheme and not jeopardize it?

Mr. Mills; Well, it seems obvious, of course, under the Bill as at present, that the better risks pay for the poorer risks. We are just raising the question of the justice of that. I do not know what the effect on the scheme as a whole would be of establishing a merit rating.

Hon. Mr. Cote; You mean a merit rating for the employees?

Right Hon. Mr. Meighen; For the occupation.

Hon. Mr. Griesbach; Differential is a better word.

Mr. Mills; Yes.

Hon. Mr. Griesbach; A rating for different

the case of insurance, practically I do it;
that is, you pay in \$1 and get \$1 out.

Mr. Miller: Yes.

What would you say
about the effect of a voluntary rate for different
businesses? You have some persons here that need
insurance. If you divide the contributions by
the amount of property, so that they pay only 60 cents,
then they would get out more than they put in. What have you
to say about that?

Mr. Miller: We were talking the case on
the subject of the effect of the retail trade along
with the banks and insurance companies, on the
distribution of a retail market which would give the
business an important risk in the future connection.
Mr. Mr. Chairman: Have you given any
thought to the scheme as a whole and the necessity
of having persons like yourselves very near
than you get out of it so much in the whole scheme
and not for nothing?

Mr. Miller: Well, it seems obvious, of
course, under the bill as it stands, that the holder
takes away for the better risk. We are just talking
the question of the justice of that. I do not know
what the effect on the scheme as a whole would be of

Mr. Miller: You mean a merit thing

Mr. Miller: For the occasion.
Now, Mr. Chairman: What would be the effect

word.

Mr. Miller: Yes.

Mr. Miller: A talking for different

business based upon their record of employment as you have it here, assuming that record is correct.

Acting Chairman: What is your view of the opinion of the employees on the compulsory side of this contributory feature, leaving yourselves out?

Mr. Mills: You will remember the other day the Robert Simpson Company had just taken a test check among so many employees as to what their opinion of it was. We had not done so because we did not care to appear to be lobbying the case among our own employees, and it is very difficult to put the thing to the employees without the sort of leading questions that would not be fair. But we did try that on Friday after the meeting of the Committee. We tried a group of ten employees. We found that the women questioned did not understand the Act at all, and in order to show them we would have had to explain it in such a way as to present its unfavourable view points, which we did not think fair. Of the men questioned there were none who favoured it. They had thought it over and felt it would not mean anything to them except contributions. As a whole the women had not thought it over and did not know how it would affect them, whether beneficially or otherwise.

Right Hon. Mr. Meighen: You have never had an unemployment scheme?

Mr. Mills: No, sir. We have what is termed a retiring allowance, which is voluntarily contributed by the company to its employees who may be let out, based on length of service and age. It is non-contributory, but it provides really greater benefits with any reasonable length of service than they would

business based upon their record of employment as you have it here, assuming that record is correct.

Q. Now, what is your view of

the record of the employees on the compulsory basis of

Mr. Miller: You will remember the other day

the Robert Simpson Company has just taken a test sheet

and they are trying to get their opinion of it

was, they had not done so much as we did not care to

and it is very difficult to get the thing to the

employees without the sort of feeling that

that would not be fair. But we did say that on Friday

after the meeting of the Committee, we tried a

Q. Now, what is the result of that?

Mr. Miller: The result of that is, and in order to

show them we would have had to explain it in such a way

as to present the unfavorable view of it, which we did

not do. They had thought it over and told it

would not mean anything as they are not

As a whole the women had not thought it over and did not

Q. Now, what is the result of that?

Mr. Miller: The result of that is, and in order to

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Q. Now, what is the result of that?

Mr. Miller: The result of that is, and in order to

show them we would have had to explain it in such a way

as to present the unfavorable view of it, which we did

not do. They had thought it over and told it

receive under the Act.

Hon. Mr. Foster; Do you contribute to that?

Mr. Mills; Altogether; that is a voluntary contribution by the company. The employees of the company make no contribution to anything. I have a statement of these figures.

Right Hon. Mr. Meighen; You have no such thing really as seasonal occupation except your Christmas and New Years extra hands that you take on for two or three weeks?

Mr. Mills; We have large peaks of staff at Easter for about two weeks and at Christmas for about six weeks, but these people are occasional help and could not come under the Act anyway. They are not employed long enough.

Right Hon. Mr. Meighen; But outside of that you do not lay people off for half a year or any other period. If you lay them off they are off for good?

Mr. Mills; Yes.

(C-1 follows.)

Hon. Mr. Sinclair; At the last sitting, Mr. Mills, you heard a statement by the representatives of the Canadian Manufacturers' Association to the effect that the percentage rate might work better than a straight tax of 25 cents a week. Your figures that you have given us are based on the Bill as it now stands. How would it work if it was based on a percentage as recommended by the Manufacturers' Association.

Mr. Mills; It probably would not affect us very much, sir, as what they had in mind. The Bill already has the provision for a contribution of 25 cents a week by the adult male and 21 cents by the adult female, and the contributions are graded down from that according to age so in effect it is more or less a percentage contribution. I think the Manufacturers' Association had in mind something else, more of a differential between trades.

Hon. Mr. Foster; A dividing into classes.

Mr. Mills; Yes. But under the Bill there is already a division or distinction according to the ages of the employees.

Right Hon. Mr. Meighen; If the law is made applicable only to manufactures, where necessarily employment is more irregular, will the rate not be so high as to make it too formidable?

Mr. Mills; You have somewhat that condition under the Workmen's Compensation Acts, as they stand,

Right Hon. Mr. Meighen; They are different. An employer can by his own precautions pretty well keep his accidents to a minimum, and therefore merit rating is of the very essence. But a manufacturer of automobiles or farm implements cannot keep unemployment

Mr. Miller: You heard a bill read by the representatives
of the American Automobile Association to the
effect that the automobile rate should be set at
a certain percentage of the rate for other things.
You have given us the bill as it now stands.
You would like to work it in as a measure of
protection by the automobile rate, an addition.

Mr. Miller: It would be a measure of protection
which, Mr. Miller, as you say, is in the bill already.
Has the association for a contribution of a certain amount
by the automobile rate as it exists by the bill already, and
the contribution to be made from that according to the
percentage of the rate of less a percentage.
I think the Automobile Association
between freedom.

Mr. Miller: A division of the bill.
Mr. Miller: Yes, but under the bill there is
already a division of the rate according to the amount
of the contribution.
Right Mr. Miller: If the law is such
a measure only to meet the rate, there is no reason why
employment is more important, and the rate not be
so high as to make it too complicated.
Mr. Miller: You have something that is different
from the Automobile Association's bill, is that right?

Mr. Miller: The bill is different in
employer can by his own association, which will keep
his contribution to a minimum, and therefore merit having
is of the very essence. And a manufacturer of
automobiles or other things cannot keep their payment

to the minimum; there is no way he can do it.

Mr. Mills; Wouldn't the same argument hold true as to the conservation of employment by retailers?

Right Hon. Mr. Meighen: You conserve just for the sake of having a name for regularity which helps you in keeping your employees?

Mr. Mills; Yes. The only other remaining point I have to make here is that we have a very long list of benefits to employees, which are very costly to the company, and it is altogether probable that the financial burden caused by this law would make it impossible to carry the benefits, and that there would be a tendency to lessen the period of employment and the desirability of the fund.

Right Hon. Mr. Meighen; I presume your company would probably be ready to work out a plan of its own, for contributions to the same extent by the employees, which would be equally generous to them as this measure is. You would rather do that than come under this measure.

Mr. Mills; Yes, if there was any form of contracting out, as there was under the British Act.

Right Hon. Mr. Meighen; Do you know why they abolished the contracting out in England? Formerly a company like the Eaton Company would contract out in England, but now that is not permissible.

Mr. Mills; My understanding is that no one took advantage of it, except the banks and the insurance companies, and the thing remained a dead letter on the statutes for a number of years, and it was discontinued.

to the minimum; there is no way he can do it.

Mr. Miller: Wouldn't the same argument hold

as to the conservation of employment by retention?

Right Hon. Mr. Bennett: You cannot meet for the

in keeping your employees?

Mr. Miller: Yes. The only other retaining point

I have to make here is that we have a very long list of

benefits to employees, which are very costly to the

company, and it is almost certain that the

financial burden caused by this law would make it

impossible to carry the benefits, and hence there would

be a tendency to lessen the period of employment and

the desirability of the fund.

Would probably be ready to work out a plan of its own,

for contributions to the same extent by the employees,

which would be equally burdensome to them as this measure

is. You would rather do that than some other plan.

Mr. Miller: Yes, if there was any form of

contributing one, as there has been in other cases.

Right Hon. Mr. Bennett: No, you know why that

abolished the contributing one in England? Formerly a

company, but now that is not practicable.

Mr. Miller: My understanding is that no one took

advantage of it, except the union and the insurance

statutes for a number of years, and it was discontinued.

Right Hon. Mr. Meighen; But those who did take advantage of it, are still out?

Mr. Mills; They are still out.

Hon. Mr. Cote; What is the average yearly number of employees who would have received compensation, according to your figures, who would have drawn from the fund, during the last five years?

Mr. Mills; I haven't it in the form of averages, the number would be 673 in 1930, 808 in 1931, 838 in 1932, 610 in 1933 and 516 in 1934.

Right Hon. Mr. Meighen; Getting better?

Mr. Mills; Yes. There was a reduction in staff in the early period of the depression, which is relatively stable now.

Hon. Mr. Cote; When did you get your depression in staff, in 1930?

Mr. Mills; No, not till 1931, it did not strike the retail business till then.

Right Hon. Mr. Meighen; Had you more in 1932 than in 1931?

Mr. Mills; No, considerably less in 1932 than in 1931.

Right Hon. Mr. Meighen; But more in 1933?

Mr. Mills; No, 1933 went down again; it did not come up again until 1934.

Right Hon. Mr. Meighen; Then you are giving us only the figures of those who would have enjoyed the benefits, and they would in some way be made less because of the fact that you had fewer employees.

Mr. Mills; Yes, it would be less as a percentage of the total.

Right Hon. Mr. McPherson: And those who did take

advantage of it are still only

Mr. Miller: They are still only

Hon. Mr. McPherson: There is no advantage for any number

of companies in the same way as the

according to your figures, who would have drawn from the

fund, during the last five years?

Mr. Miller: I haven't it in the form of a question,

the number would be 675 in 1930, 808 in 1931, 815 in 1932,

650 in 1933 and 515 in 1934.

Right Hon. Mr. McPherson: Getting better?

Mr. Miller: Yes. There was a reduction in 1933

in the early period of the depression, which is relatively

stable now.

Right Hon. Mr. McPherson: And the same for the

in 1933, is it?

Mr. Miller: No, not till 1934, the 515 was relative

the retail business till then.

Right Hon. Mr. McPherson: And you were in 1933 when

in 1933?

Mr. Miller: No, considerably less in 1933 than in

1931.

Right Hon. Mr. McPherson: And you were in 1933 when

Mr. Miller: No, 1933 went down again; it did not

Right Hon. Mr. McPherson: Then you are giving us

only the figures of those who would have enjoyed the

benefits, and they would in some way be made less because

of the fact that you had fewer employees.

Mr. Miller: Yes, it would be less as a percentage

of the total.

Right Hon. Mr. Meighen; How do the 1934 employees compare with 1933?

Mr. Mills; The total number of employees in 1933 was 23,360 and in 1934 it was 24,537. That was the first increase since 1932.

Hon. Mr. Cote; Let us take the year 1931. You say that 808 employees would have received benefits. In your figures did you carry them from year to year? Are they cumulative?

Right Hon. Mr. Meighen; No. They get benefits only for so long.

Hon. Mr. Cote; The length of time during which an employee is entitled to receive from the fund is based on the number of contributions he has made.

Mr. Mills; Yes. Forty weeks entitle him to thirteen weeks benefit.

Hon. Mr. Cote; If a man has been steadily employed for five years---

Mr. Mills; He would be entitled to draw benefits for a year and two weeks, 54 weeks. That is for five years full employment. I am just speaking from memory.

Hon. Mr. Cote; When you arrived at your figures you took that as a limit, did you not?

Mr. Mills; Yes.

Hon. Mr. Cote; You did not assume that anybody had contributed for longer than five years?

Mr. Mills; No. It would not do them any good, because five years is a limit. There is a proportionate scaling up. In our company any person who works from 5 to 10 years receives more by way of short term

Right Hon. Mr. Higgins: How do the 1934 employees

increase since 1933?

Mr. Higgins: The 1934 employees are 1,100,000, and the 1933 employees are 1,000,000.

increase since 1933.

Hon. Mr. Clegg: How do you take the year 1934. You

say that the 1934 employees are 1,100,000, and the 1933 employees are 1,000,000.

Is that correct? Is that correct? Is that correct?

Right Hon. Mr. Higgins: No, they are not correct.

only for 1934.

Hon. Mr. Clegg: The number of employees which are

employees is entitled to receive from the Government

on the number of contributions he has made.

Mr. Higgins: Yes, forty weeks and the right to

receive a pension.

Hon. Mr. Clegg: If a man has been employed

Mr. Higgins: He would be entitled to have a pension

for a year and two weeks, 54 weeks. That is for five

years full employment. I am just coming from work.

Hon. Mr. Clegg: When you arrived at work, did you

you look that as a right, did you not?

Hon. Mr. Clegg: You did not receive that pension

Mr. Higgins: No, it would not be then any good.

It would not be then any good. It would not be then any good.

It would not be then any good. It would not be then any good.

5 to 10 years receive more by way of short term

retiring allowance than he would receive under the Act.

Here I want to make a correction. The figures I quoted

of employees who would have received benefits were for

Toronto only. For the country as a whole, an estimate

based on the proportion of other businesses in Toronto,

the figures are; 1,790 in 1930, 1,987 in 1931, 2,057 in

1932, 1,494 in 1933 and 1,245 in 1934. There probably

would be an average of around 1,500 to 1,600 who would

have benefited.

Acting Chairman; It has been represented to me,

Mr. Mills, that in not a few industries the employees are

treated pretty generously when they are laid off on

account of illness. They have no contract and they make

no contribution. They complain of what the result may

be if this Bill passes. They will have to contribute

the Government will contribute and their employers will

contribute, and the employers having complied fully with

the law will find it much cheaper than they do now to

look after those employees who are out of employment

through illness.

Hon. Mr. Griesbach; And knowing that the man is going to be maintained a company will likely let him out more quickly and more cheerfully than they otherwise would.

Acting Chairman; They would feel that they had fulfilled their legal responsibility.

Mr. Mills; I think there would undoubtedly be a tendency in that direction, sir. A good deal of our cost is on account of welfare and sickness, which would not be decreased, because we would look after that, anyway. But there certainly would be a lessening of what we call the short term retiring allowance to take care of people being let go after any period of time.

...for the only... as a whole, an estimate...
 ...of other... in Toronto...
 ...the figures are; 1,750 in 1930, 1,900 in 1931, 2,000 in 1932, 1,400 in 1933, 1,500 in 1934. There probably...
 ...an average of around 1,500 to 1,600 who would...
 ...have generated...
 ...Chairman; it has been... to me...
 ...Mr. Miller, that in not a few instances the employees are...
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 ...cost is on account of welfare and sickness, which would...
 ...not be decreased, because we would look after that, anyway...
 ...But there certainly would be a lessening of what we call...
 ...the short term... allowance to take care of...
 ...let us after any period of time.

Hon. Mr. Griesbach; And a weakening of the obligation to keep a man on, if there is such an obligation?

Right Hon. Mr. Meighen; And would there not be a tendency on the part of the employee to quit more freely than if he was not getting any benefits?

Mr. Mills; I do not think the benefits are large enough to encourage the employee to do that.

Acting Chairman; Some employees do not like this Bill. They think they will not be as well looked after as they are now, although they will be obliged to contribute.

Mr. Mills; I have already referred to that, Mr. Chairman. The Committee might be interested in a memorandum which I have here, showing the benefits at present received by our employees.

Acting Chairman; Let us have it.

Mr. Mills; The benefits include annually summer vacation pay, weekly half holiday for girls, discount on purchases, non-contributory pensions, etc., the cost of which in 1933 was \$1,298,300. The figures in this connection were supplied in detail to the Price Spread Commission. These are contributions to the welfare of employees which are in no way a legal obligation but voluntary on the part of the company. The feeling was that the burden placed upon the company by this Bill might make it necessary to curtail some of those benefits. I have a summary of the benefits. The half day holiday for girls applies particularly in the Toronto Stores. All the female help and part of the male help in the office are allowed half a day off per

Hon. Mr. Giesbrecht: and a weakening of the obligation

to keep a man on it, it is a weak and old theory

Right Hon. Mr. Giesbrecht: we should have to be

a little on the part of the obligation to put more

weight on it, and not so much on the part of the

the obligation to do so, and we should have to be

stronger in our obligation to do so.

Acting Chairman: some of them to do so

this bill. They think they will not be all looked

after as they are now, although they will be on their

commitments.

Mr. Miller: I have already mentioned to you,

Mr. Chairman, the Committee will be interested in a

memorandum which I have here, showing the results of

these received by our employees.

Acting Chairman: let us have it.

Mr. Miller: he has a list of names and their

positions, and they will show the results of the

on the basis, non-contributory, etc., etc., the

cost of which in 1908 was \$1,898,760. And I have

in the connection were included in the bill to the

Price of the bill is \$1,000,000. I have not seen the

the welfare of employees which is in no way a hind

obligation but voluntarily on the part of the company.

The feeling was that the burden placed upon the company

by this bill will be very heavy to bear.

of the benefits. I have a number of the benefits.

The bill will allow for this rather substantially in

the Toronto stores. All the benefits will be out of the

make help in the office are allowed half a day off per

week with pay, except at Christmas and Easter seasons. Everybody does not get the same half day. The store is not closed, but the half day is staggered and the employees get it in rotation. Then there is the annual vacation pay which applies through the entire retail establishment from coast to coast. Anyone with one year's service gets one week with pay in the summer, and after two years' service they get two weeks with pay. That is voluntary on the part of the company.

Acting Chairman; Most industries and businesses give their employees that?

Mr. Mills; It is not universal, sir, in the retail business.

Right Hon. Mr. Meighen; No, not among the smaller places.

Mr. Mills; 75% of our staff have had two years' service or over, so that they receive two weeks annual vacation with pay.

Right Hon. Mr. Meighen; If we were to put this measure into effect here as they did in England, with the contracting out of privilege, there is no doubt that the Simpson Company and the Eaton Company would contract out and formulate a very good system for taking care of their employees and unemployment. But would that not give you a distinct advantage over all your competitors, in that the small store cannot contract out for it has not got a wide enough range of employees to justify a system? Its risks would be very heavy at different periods and it could not afford a system. Consequently it would have to come in under the general scheme which would cost more proportionately than your plan would cost.

Everybody does not get the same half day. The close is

of closed, but the half day is worked in the

employee, but it is rotation. When there is the annual

rotation, the employees are divided into groups, and each group

receives one week off in one month, and then

two weeks' service, and then two weeks off again. This is

voluntary on the part of the employee.

Give their employees that

Mr. Miller: Is it not unusual, Sir, in the retail

business.

Right Hon. Mr. Miller: No, not generally, but in the

Mr. Miller: 25% of our staff have two weeks'

service or over, and 25% have received two weeks' annual

vacation with pay.

Right Hon. Mr. Miller: It is not so in this

business into effect, and as they are in business, which the

company is not out of business, and it is not that the

company is not out of business, and it is not that the

and for this a very good system for making sure of their

employees and customers. It is not that the

business is not out of business, and it is not that the

and that more of our business is not out of business, and it

with another name of employees to make a system? It is

that would be very heavy at different periods and it

could not be a good system. Unconsciously it would have to

come in under the general system which could come more

Mr. Mills: That might be, sir, assuming the benefits to be one-third of the contributions.

Right Hon. Mr. Meighen; Let us take a grocery store in Toronto, for instance. I do not mean one of the chain stores, for they could contract out just about as readily as you. But take an individual store, one of those red and white stores. Do you think it would be practicable for such an individual store to contract out?

Mr. Mills; Hardly likely.

Right Hon. Mr. Meighen; So it would come in under the regular provision. And I presume that if you took a 10 years' period it would have just about as much regularity as you would have?

Mr. Mills; I should think so.

Right Hon. Mr. Meighen; Therefore in connection with such a store the contributions would be three times the benefits, whereas in connection with your store the benefits would equal the contributions?

Mr. Mills; Yes, that might be.

(D. Follows)

Mr. Miller: This might be, Sir, regarding the

light house. Mr. Miller: I do not know one of
shore in Toronto, but in some. I do not know one of
the chain service, but they would connect out in a short
as readily as you. Mr. Miller: I do not know one
of those red and white service. Mr. Miller: I do not
practically for such an interval. Mr. Miller: I do not

light house. Mr. Miller: I do not know one of
the regular service. And I do not know one of
a 10 year period is about 10 years. Mr. Miller: I do not
regularly as to which way?

light house. Mr. Miller: Therefore in connection
with such a service the connection can be made to be
the service, service in connection of a year. Mr. Miller:
service would be the service.

(In follow)

Right Hon. Mr. Meighen; That is what is running in my mind. The contracting-out plan does seem to be exceedingly fair, but I should think it was open to that criticism.

Mr. Mills; Of course, if they were allowed to contract out regardless of the size of the institution--

Right Hon. Mr. Meighen; They cannot do that. Would it not take a pretty good sized institution to conduct a real unemployment insurance system of its own? The little store could not do it--at least I would be afraid that it couldn't. Then the contracting out is going to add to the assessments of the other businesses, isn't it? It necessarily will add to them.

Mr. Mills; It would provide less for the fund.

Right Hon. Mr. Meighen; It would either add to the assessment, or the government would have to put up the money.

Acting Chairman; If they were all strong, and all worked along the lines you suggest, there would be a great surplus. But I think the basis of this is like the basis of automobile insurance: the men who have few accidents have to pay for the others. In life insurance you have a settled plan by which you seem to take care of your own risk, but in automobile insurance you have not. Although this may seem to be a little unfair in spots, can we make it a success

Right Hon. Mr. Seligman: That is what is running

in my mind. The construction of the law seems to be exceedingly fair, but I should think it was on the whole that criticism.

Mr. Miller: Of course, if they were allowed

that...

Right Hon. Mr. Seligman: They are not to be

would it not be a very good thing to have them to conduct a real and efficient business of the kind?

The little more could not be it--as I would be afraid that it would not. When the Government is going to add to the Government of the other business, isn't it? It necessarily will add to them.

Mr. Miller: It will not be for the Government.

Right Hon. Mr. Seligman: It will not be for the Government.

to the Government, or the Government will have to pay for the money.

Right Hon. Mr. Seligman: It may be all right.

and all worked along the lines of the Government, and will be a great business. But I think the Government is like the basis of automobile business; the Government have few assets to pay for the others. In the insurance you have a certain fund by which you seem to be sure of your own risk, but in automobile insurance you have not. Although this may seem to be a little unfair in some cases, and we are in a business

unless it is based on the contributions and the necessities of the whole rather than a part?

Right Hon. Mr. Meighen: Is there any other way you can do it?

Mr. Mills: If there were no exemptions from the Act that would be so, but there are financial institutions, trust companies and others which are exempted, presumably on the ground of stability of employment.

Right Hon. Mr. Meighen: Are they exempted in England too?

Mr. Mills: I think so.

Acting Chairman: I imagine that the office staffs of the railways will ask to be exempted as their business is largely a business of the same class, and the employee--

Right Hon. Mr. Meighen: That is what Mr. Flintoff is here for.

Acting Chairman: Are you here?

Mr. Flintoff: Yes, sir.

Acting Chairman: I suspected you when I saw you.

Hon. Mr. Foster: Mr. Chairman, we may not have another witness before us who, in addition to carrying on a retail business, is engaged in manufacturing, and while I do not want to delay the railways at all, at the same time I think it would be well if this witness were to give us the other side of the picture. He is seeking to have the retail trade eliminated for reasons which are obvious from the figures he has given us, but would probably like to get the manufacturing end of the business

unless it is based on the constitution and the nec-

essities of the whole rather than a party?

Right Hon. Mr. Holburn: Is there any other

way you can do it?

Mr. Milne: If there were no exemptions from

the Act that would be so, but there are thousands

of institutions, trust companies and others which are

exempted, presumably on the ground of public utility or necessity.

What is the object of the Bill?

in England and too?

Mr. Milne: I think so.

Is it necessary to exempt the

office staffs of the railways will not be so

exempted as their business is largely a business

of the same class, and the same kind--

Right Hon. Mr. Holburn: That is not so.

Winfold is here for.

Acting Chairman: And you know

Mr. Winfold: Yes, sir.

Acting Chairman: I understand you

to be present.

Hon. Mr. Holburn: Mr. Chairman, we may not

have another witness before us who, in addition to

concerning on a retail business, is engaged in man-

ufacturing, and while I do not want to do for the

railways at all, at the same time I think it would

be very desirable to have the

side of the picture. He is anxious to have the

retail trade eliminated for reasons which are obvious

and in this is the first of the main reasons.

Like to get the manufacturing end of the business

under the Act. If he would give us the other side of the picture it might be of advantage.

Mr. Mills; I may say in answer to that that the only reason we have excluded manufacturing is that we have felt the general conditions of the industry were such that we had not the same claim for exemption, though we do claim that employment in our manufacturing plant is extremely stable.

Hon. Mr. Foster; But your argument would indicate that in the manufacturing end there is more risk of unemployment than there is in the retail end, and that is why you seek to keep in one and keep out the other.

Mr. Mills; We would be glad to have the manufacturing included with the retail. We have only excluded it because of the general sentiment.

Hon. Mr. Cote: But what would become of the 2,000 people that you let out in 1932? How would they be taken care of? Although you would be glad to have them excluded from the benefit of the Act, how will that problem be solved? How are they going to be fed?

Mr. Mills; Are you speaking of manufacturing?

Hon. Mr. Cote; No, of your own figures.

Hon. Mr. Griesbach; On your own figures of people let out.

Mr. Mills; We simply base that, sir, on the proportion of benefit to contributions.

Hon. Mr. Griesbach; He is asking how these people are going to be taken care of for unemployment pay or unemployment insurance if you do not come in.

under the Act. It would give us the other side of the picture it might be of advantage.

Mr. Miller: I may say in answer to that that the only reason we are excluded from becoming in that we have a lot of money and that we are not for exemption, though we do claim that employment in our manufacturing plant is extremely stable.

Hon. Mr. Foster: Now your argument would indicate that in the manufacturing and there is some risk of unemployment then there is in the retail end, and that is why you seek to keep in one and keep out the other.

Mr. Miller: We would be glad to have the manufacturing included with the retail. We have only excluded it because of the general condition.

Hon. Mr. Foster: Now would you care to say 2,000 people that you let out in 1937? How would they be taken care of? Although you would be glad to have them excluded from the benefit of the act, how will that problem be solved? How are they going to be fed?

Mr. Miller: Are you speaking of unemployment?

Hon. Mr. Foster: No, of your own business.

Hon. Mr. Cavanaugh: On your own business of

people let out.

Mr. Miller: We are saying that, sir, on the

manufacturing and retail business.

Hon. Mr. Cavanaugh: He is asking how these

people are going to be taken care of for unemployment

any or unemployment if you do not come in.

The Acting Chairman; Have you any plan for the 2,000 people you have let out?

Mr. Mills; Not for the short-term people. The short-term people would be given only a couple of weeks' wages, which would not be as much as the Act would provide.

Hon. Mr. Cote; Then they become a social problem, and that is the problem we are trying to deal with now.

1833. Right Hon. Mr. Meighen; You would be glad to come in on a basis of cost or near cost?

Mr. Mills; Yes.

Right Hon. Mr. Meighen; Although you are more stable than other manufacturers, you have no solid ground for being left out.

Mr. Mills; Manufacturing is more seasonal; there seems to be every reason for unemployment insurance in the manufacturing industry.

Hon. Mr. Griesbach; In hiring your people is there a clause in your hiring agreement that no notice is required on either side? A man can leave without notice, and you can dismiss him without notice.

Mr. Mills; Yes, we have that clause.

Hon. Mr. Griesbach; So there is no security of tenure.

Mr. Mills; No, none whatever, except what is done voluntarily. There are a number of pension schemes. I have these listed here. There is provision for the retirement of women with twenty-five years' service or over upon reaching fifty-five years of age. The same thing applies to men upon reaching sixty-five, and all employees have been subject to what

The Acting Chairman: Have you any plan for

the 2,000 people you have let out?

Mr. Mills: Not for the short-term people.

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problem, and that is the problem we are trying to

deal with now.

Right Hon. Mr. Neighan: You would be glad to

come in on a basis of cost or near cost?

Mr. Mills: Yes.

Right Hon. Mr. Weir: Although you are more

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Mr. Mills: Manufacturing is more seasonal; there

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the manufacturing industry.

there a clause in your hiring agreement that no

notice is required on either side? A man can leave

without notice, and you can dismiss him without notice.

Mr. Mills: Yes, we have that clause.

Hon. Mr. Giesbrecht: So there is no security

of tenure.

Mr. Mills: No, none whatever, except what is

done voluntarily. There are a number of pension

schemes. I have these listed here. There is provision

for the retirement of women with twenty-five years'

service or over upon reaching fifty-five years of age.

The same thing applies to men upon reaching sixty-

five, and all employees have been subject to what

we call a short-time retiring allowance. If they do not qualify for pension there is a short-term retiring allowance, again figured on age and length of service, that varies anywhere from two weeks up to a couple of years.

Hon. Mr. Griesbach; Pay?

Mr. Mills; Yes. That cost us \$350,000 in 1933.

The Acting Chairman; Do you say a man must retire when he is sixty-five, or a woman when she is fifty-five, or is that by arrangement?

Mr. Mills; By arrangement. In addition, there are the usual welfare arrangements---hospitals in the store, dental and medical arrangements---and employments receive pay when ill.

Hon. Mr. Griesbach; For how long?

Mr. Mills; There is no definite fixed limit. Some employees have been carried for many years. I know of one man who was carried in the consumptive hospital at Gravenhurst for, it must have been eight or ten years. He was an old employee who was kept on pay until he died. These allowances have been extremely liberal in the past. In addition to that, the company maintains a number of welfare activities---summer camps and clubs for the girls, and this Quarter Century Club. All employees upon becoming members are given a presentation and a six weeks' vacation with pay. The present membership of that club in Canada is 1,141.

The Acting Chairman; Any more questions?

Right Hon. Mr. Meighen; Thank you very much.

we call a short-time retiring allowance. If they do not qualify for pension there is a short-term retiring allowance, again figured on age and length of service, that varies anywhere from two weeks up to a couple of years.

Mr. Mills: Yes. That cost us \$850,000 in

The Acting Chairman: Do you say a man must retire when he is sixty-five, or a woman when she is fifty-five, or is that by arrangement?

Mr. Mills: By arrangement. In addition,

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The Acting Chairman: Any more questions?

Right Hon. Mr. Meighen: Thank you very much.

The Acting Chairman: Now, Mr. [unclear],
 we were to talk about the [unclear] [unclear].

Mr. Dupuis: Mr. Chairman and gentlemen,
 Dupuis [unclear] have a store like Barton's
 and Simpson's, only smaller. We have been in
 business quite a long time. We concur in the conclusion
 reached by Barton and Simpson. I have brought figures
 to present to you, and although they are not in the same
 form as those of Barton and Simpson, they can be put into
 that form.

We have men who have been with us a great number
 of years. The employment is stable. We also have some
 benefits according to Pages 6 to 9, one of which is
 quite an interesting statement filed by store, and have welcomed
 it, a branch of L. by Mr. Mills: Colique National. It is a
 union. They operate a branch in our store. The women can
 give ten weeks a week, and the men twenty cents. This
 gives them, in case of sickness, \$10 or \$20 for ten weeks,
 and in case of death, \$150 or \$200. If there is a deficit,
 we stand ready at all times to make up that deficit. Up to
 about three years ago we contributed; since then the fund
 has been self-supporting.

Mr. Greenberg: How much do you contribute?

Mr. Dupuis: One year it was \$3,000. Now the plan
 is compulsory on everyone coming into the store. Since
 then it has paid its way.

Although I am not allowed to speak for the
 members of the syndicate, I think if they had to pay
 twenty-five cents a week or twenty cents a week they
 would forego the syndicate interests.

I do not believe I can see or anything that has

The Acting Chairman; Mr. Dupuis, of Montreal, is here to talk about the retail trade.

Mr. Dupuis; Mr. Chairman and gentlemen, Dupuis Freres, in Montreal, have a store like Eaton's and Simpson's, only smaller. We have been in business quite a long time. We concur in the conclusion reached by Eatons and Simpsons. I have brought figures to present to you, and although they are not in the same form as those of Eatons and Simpsons, they can be put into that form.

We have men who have been with us a great number of years. The employment is stable. We also have some benefits accruing to our employees, one of which is quite interesting. We have in our store, and have welcomed it, a branch of La Syndicat Catholique National. It is a union. They operate a branch in our store. The women can give ten cents a week, and the men twenty cents. This gives them, in case of sickness \$8 or \$10 for ten weeks, and in case of death, \$250 or \$500. If there is a deficit, we stand ready at all times to make up that deficit. Up to about three years ago we contributed; since then the fund has been self-supporting.

Hon. Mr. Griesbach; How much do you contribute?

Mr. Dupuis; One year it was \$3,000. Now the plan is compulsory on everyone coming into the store. Since then it has paid its way.

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The Acting Chairman: Mr. Dupuis, of Montreal,

is here to talk about the retail trade.

Dupuis: There are, in Montreal, a store like Eaton's and Simpson's, only smaller. We have been in business quite a long time. We occur in the confusion reached by Eaton and Simpson. I have brought figures to present to you, and although they are not in the same form as those of Eaton and Simpson, they can be put into that form.

We have men who have been with us a great number of years. The employment is stable. We also have some benefits accruing to our employees, one of which is quite interesting. We have in our store, and have welcomed it, a branch of the Syndicat Catholique National. It is a union. They operate a branch in our store. The women can give ten cents a week, and the men twenty cents. This gives them, in case of sickness \$8 or \$10 for ten weeks, and in case of death, \$250 or \$300. If there is a deficit, we stand ready at all times to make up that deficit. Up to about three years ago we contributed; since then the fund has been self-supporting.

Hon. Mr. Giesbach: How much do you contribute?

Mr. Dupuis: One year it was \$2,000. Now the plan

is compulsory on everyone coming into the store. Since then it has paid its way.

Although I am not allowed to speak for the

members of the syndicate, I think if they had to pay

twenty-five cents a week or twenty cents a week they

would forego the syndicate interests.

I do not believe I can add to anything that has

been said by my confreres.

The Acting Chairman; You are in the retail business?

Mr. Dupuis; Yes.

Right Hon. Mr. Meighen; You think that if this is established and made compulsory they will drop out of the other?

Mr. Dupuis; I think so, although I cannot speak for them.

Right Hon. Mr. Meighen; Because it would mean two payments.

Mr. Dupuis; Two payments.

Right Hon. Mr. Meighen; They are satisfied.

Mr. Dupuis; Apparently they are satisfied.

Hon. Mr. Griesbach; What percentage of your employees belong to that scheme?

Mr. Dupuis; All.

Hon. Mr. Griesbach; There are no exceptions?

Mr. Dupuis; No exceptions.

Right Hon. Mr. Meighen; You really have an unemployment plan of your own.

Mr. Dupuis; It does not take care of unemployment, but sickness.

The Acting Chairman; A sick benefit.

Mr. Dupuis; A sick benefit.

(E follows)

been said by my colleagues.

The Acting Chairman: You are in the retail

Right Hon. Mr. Weighen: You think that if

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Mr. Dupuis: No exceptions.

Right Hon. Mr. Weighen: You really have an

unemployment plan of your own.

Mr. Dupuis: It does not take care of unemployment.

out sickness.

The Acting Chairman: A sick benefit.

Mr. Dupuis: A sick benefit.

(It follows)

UNEMPLOYMENT INSURANCE

The following are the employment figures of The T. Eaton Co. Limited (apart from Factories and Workrooms) comparable to those submitted to the Committee by The Robert Simpson Co. Limited in substantiation of the claim of the retail trade, to be placed in the same category as Banks, Insurance Companies, Financial Institutions, Civil Service, etc. on grounds of stability of employment:

1. The following is a table showing averages as to length of service:

	<u>Male</u>	<u>Female</u>	<u>Total</u>
<u>STORE</u>			
Sales	8.3 yrs.	5.8 yrs.	6.7 yrs.
Service	10.6 "	5.6 "	8.7 "
Mail Order	12.3 "	8.6 "	10.1 "
Total	9.9 "	6.1 "	7.8 "

In addition to the above it might be mentioned that the average length of service of our 286 Drivers is 12.7 years; the average length of service of 78 Elevator Men is 16.7 years; Quarter Century Club (employees of 25 years service or more) 937 members.

The following table shows the number and percentage of employees according to years of service:

<u>STORE TOTAL</u>	<u>Employees</u>	<u>%</u>
Less than 1 yr's service	1303	15.7
2 Yrs. Service and over	6277	75.2
5 " " " "	4559	54.7
10 " " " "	2383	28.6
15 " " " "	1543	18.5
20 " " " "	779	9.3
25 " " " "	354	4.2
(6 mos. service and over	7562	90.7)

MAIL ORDER (Merchandise and Expense)

Less than 1 yrs. service	137	14.2
2 yrs. Service and over	750	78.
5 " " " "	626	65.1
10 " " " "	416	43.2
15 " " " "	323	33.6
20 " " " "	159	16.5
25 " " " "	80	8.3
(6 mos. service and over	889	92.4)

EMPLOYMENT FIGURES

The following are the employment figures of the T. Eaton Co. Limited for the year ending 31st March 1937. The figures are submitted to the Committee by the Robert Simpson Co. Limited in accordance with the provisions of the Trade Disputes Act, 1927, and are not intended to be taken as a statement of the actual employment of the company.

1. The following is a table showing averages as to length of service:

Length of Service			
Years	Number	Percentage	Total
Up to 1 year	1,717	10.1	1,717
1 to 5 years	12,300	6.8	12,300
5 to 10 years	12,300	12.3	12,300
10 years and over	12,300	12.3	12,300
Total	26,617	100.0	26,617

In addition to the above it might be mentioned that the average length of service of the employees of the T. Eaton Co. Limited is 10.1 years. The figures are submitted to the Committee by the Robert Simpson Co. Limited in accordance with the provisions of the Trade Disputes Act, 1927, and are not intended to be taken as a statement of the actual employment of the company.

The following table shows the number and percentage of employees according to years of service:

Years of Service			
Years	Number	Percentage	Total
Up to 1 year	1,717	6.4	1,717
1 to 5 years	12,300	46.2	12,300
5 to 10 years	12,300	46.2	12,300
10 years and over	12,300	46.2	12,300
Total	26,617	100.0	26,617

Length of Service			
Years	Number	Percentage	Total
Up to 1 year	1,717	6.4	1,717
1 to 5 years	12,300	46.2	12,300
5 to 10 years	12,300	46.2	12,300
10 years and over	12,300	46.2	12,300
Total	26,617	100.0	26,617

Length of Service			
Years	Number	Percentage	Total
Up to 1 year	1,717	6.4	1,717
1 to 5 years	12,300	46.2	12,300
5 to 10 years	12,300	46.2	12,300
10 years and over	12,300	46.2	12,300
Total	26,617	100.0	26,617

The amount of the contribution which The T. Eaton Co. Limited together with its employees (excluding Factories and Workrooms) would be called upon to make annually, would be out of all proportion to the benefits which it is estimated the employees would receive as per the accompanying memorandum, based on the Company's experience over the past five years. This shows an average of Unemployment Insurance benefits per annum of \$133,879.00 as against estimated annual contributions by

The Company) in Canada	\$216,340.00	
Its employees)	216,340.00	\$432,680.00
Difference			<u>\$298,801.00</u>

or in the five years a total excess of contribution over benefits of \$1,494,000.

This means that the benefits received by the employees only amount to 31% of the total amount contributed by themselves and the Company.

We would also point out that the benefits have been estimated on the maximum of 13 weeks lost time. As business conditions improve this will be reduced considerably.

In addition to the above, the Government undertakes to provide 20% of the combined contributions of the Company and its employees, or \$86,536.00, making a grand total contribution for Company, employees and Government of \$519,216.00, as against estimated benefits to employees of \$133,879.00. This means that the employees will only receive 25.7% of the total amount contributed on their behalf, which in the 5-year period means benefits would have been \$1,926,685.00 less than total contributions.

The memorandum is attached showing benefits at present received by employees, including annual summer vacation pay, weekly half holiday for girls, discount on purchases, pensions, etc., the cost of which in 1933 as already supplied the Ottawa Price Spreads Commission, amounted to \$1,298,300.00.

The large financial burden placed upon the Company by the Unemployment Insurance Act makes it altogether likely that a number of these benefits would have to be curtailed.

This means that the benefits received by the employees only amount to 21% of the total amount contributed by themselves and the company.

We would also point out that the benefits have been estimated on the

[illegible]

the Ottawa Price Spreads Commission, amounted to \$1,288,300.00.

The large financial burden placed upon the Company by the Unemployment

THE T. EATON CO. LIMITED PRIVILEGES TO EMPLOYEES

HALF DAY HOLIDAY

Departments on 6 day basis - all female help and some male allowed a half day off each week with pay, except the busy seasons.

ANNUAL VACATION PAY

Store and Mail Order employees: 1 years' service - 1 week with pay. 2 years' Service - 2 weeks with pay.

DISCOUNT ON PURCHASES

Employees of six months' service and over entitled to 10% discount off purchases, 5% off provisions; special 20% discount allowed last December during employees' shopping nights, also periodically other special discounts in Housefurnishings and Clothing.

HOSPITALS

One in Store and Factory, each in charge of a graduate nurse. This takes care of temporary illness and also first aid in case of accidents. These Hospitals are in all the larger Eaton Stores and Factories throughout Canada.

DENTAL CLINIC

Equipped with X-ray, for examination and advice to employees.

PART PAY WHEN ILL

Employees with 2 years' service receive part pay when away ill after first 3 days.

EMPLOYEES' WAGES
SAVING ACCOUNTS

5% interest allowed on all monies saved from wages.

PENSIONS - Women:

Provision is made for the retirement of women reaching the age of 55 years with 25 years' service or over on a basis figured on length of service, age and salary at date of leaving.

Men:

Provision is also made for the retirement of men reaching the age of 65 with 25 years' service or over on a basis figured on length of service, age and salary at date of leaving.

Employees who retire on account of physical disability or reduction of staff, and who do not qualify for pension as above are let go on a "short term allowance" figured on length of service, age and salary, but which allowance terminates after a certain period.

These pension plans are not contributory but a free gift from the Company.

DEBENTURES

Issued to employees of 1 years' service or more, bear interest at the rate of 5% per annum, payable half yearly with an interest bonus as declared from year to year. For past few years this had been 1 or 1½%.

LIFE INSURANCE

10% of premium on all policies issued to employees of 6 months' service and over is paid by the T. Eaton Co. Limited.

LOANS TO EMPLOYEES

Loans are arranged for employees to the amount of \$300. with no interest charge, for emergencies such as payments on homes, taxes, rent, hospital fees, etc.

SUMMER CAMPS

For men and women - special rates.

CLUBS

Arrangement with Y.M.C.A. for boys where all "Y" facilities are available for Company members at reduced rates, the Company paying between club rate and regular Y.M.C.A. charge. Girls' Club have own building providing all facilities for Club activities.

QUARTER CENTURY CLUB

Employees completing 25 years' service are presented with watches and given 6 weeks' vacation with pay.

Present Club Membership in Canada - 1,141.

Departments on 8 day basis - all female help and some male allowed a half day off each week with pay, except the busy seasons.

Men and Mail Order employees: 1 year's service - 1 week's pay - 2 weeks' vacation - 1 month's sick pay.

Employees of the company, whether full-time or part-time, are entitled to a pension plan. The plan is a contributory one, with contributions made by both the employee and the company. The pension is payable on retirement, or on death, or on disability.

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Employees with 2 years' service receive part pay when laid off.

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5% interest allowed on all monies saved from wages.

Provision is made for the retirement of women reaching the age of 55 years with 25 years' service or over on a basis figured on length of service, age and salary.

Provision is also made for the retirement of men reaching the age of 65 with 25 years' service or over on a basis figured on length of service, age and salary at date of leaving.

Employees who retire on account of physical disability or reduction of staff, and who do not qualify for pension as above are let on a "short term allowance" figured on length of service, age and salary at date of leaving.

These pension plans are not contributory but a free gift from the Company.

Issued to employees of 1 year's service or more, bear interest at the rate of 5% per annum, payable half yearly with an interest bonus as declared from year to year. For past few years this has been 1 or 1 1/2%.

10% of premium on all policies issued to employees of 6 months' service and over is paid by the T. Baston Co. Limited.

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THE T. TAYLOR CO. LIMITED

Summary of Employees who became unemployed during past five years and who it is assumed would have been entitled to an employment insurance had it been in effect.

percentage of contributions

	<u>1930</u>	<u>1931</u>	<u>1932</u>	<u>1933</u>	<u>1934</u>	<u>Total Average</u>	<u>total</u>	<u>average</u>
Lefts: Toronto								
Mail order.....	71	69	77	20	39			
(store) sales.....	444	460	395	561	304			
(store) Service.....	<u>148</u>	<u>299</u>	<u>386</u>	<u>229</u>	<u>173</u>			
Total	673	808	858	610	516			
Canada (Estimate)	1790	1987	2067	1495	1245			
Maximum benefit at \$6.00 per week for 13 weeks								
Toronto.....	752,494	763,024	66,924	47,580	40,248		270,270	54,054
Canada.....	139,620	164,986	161,226	116,610	96,954		669,396	133,879
Estimated Contribution:								
Toronto, by company.....	92,781	96,078	87,785	82,561	88,213		447,218	89,444
by employees.....	<u>92,781</u>	<u>96,078</u>	<u>87,785</u>	<u>82,561</u>	<u>88,213</u>		<u>447,218</u>	<u>89,444</u>
Total.....	184,562	192,156	175,570	164,722	176,426		894,436	178,888
Canada, total.....	481,418	460,734	412,756	393,016	415,480		2,163,404	432,680
Employees: average number								
Retail.....	21,925	20,983	18,798	17,899	18,922			
Factory and Work Rooms...	<u>7,145</u>	<u>6,270</u>	<u>5,385</u>	<u>5,461</u>	<u>5,675</u>			
Total in Canada	29,070	27,253	24,181	23,360	24,597			

Hon. Mr. Tanner; Is there anything in your scheme that takes care of an employee after leaving your service?

Mr. Dupuis; After leaving our service?

Hon. Mr. Tanner; Yes.

Mr. Dupuis; No, there is nothing fixed, although we have taken care in the past of our own employees.

Hon. Mr. Tanner; The whole principle, as I understand the objection to the Bill, is that you are willing to take care of people while they are working for you, but when they leave you and get out of work, you do not want to have anything to do with them?

Mr. Dupuis; We are not having anything to do with them, and we do not want to.

Hon. Mr. Tanner; That is the class we want to look after.

Mr. Dupuis; But we have not any of those people at all with us.

Hon. Mr. Tanner; We have a great many in the country.

Mr. Dupuis; They do not come from the departmental stores as a rule. Even when the depression started we scattered the employment, we gave a compulsory holiday of a week out of four so as to keep all our staff as much as we could.

Hon. Mr. Griesbach; Without pay?

Mr. Dupuis; One week out of four without pay.

The Acting Chairman; You were rotating your own employees.

Right Hon. Mr. Meighen; Rather than dismiss.

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Mr. Dupuis; Yes.

Hon. Mr. Tanner; Suppose every employer of labour took the same ground as you take, there would be no provision at all for people out of work.

Mr. Dupuis; I do not know why we should be called upon to pay for the troubles of others. We are willing to pay for all the trouble we cause in the proportion that we cause it.

Hon. Mr. Tanner; A good many of us have to do that at present.

Mr. Dupuis; I should not like to boast, but we are doing some of it.

The Acting Chairman; Now we will hear Mr. Flintoff. Is anybody here for the Canadian National?

Mr. E.P. Flintoff, K.C.; Yes, sir, I am appearing for the Railway Association of Canada with Mr. W. Boyd of the Canadian National and Mr. George Hodge of the Canadian Pacific. Mr. Mills who was also here last week was unable to return to-day.

The Acting Chairman; I suppose the objections you have to this Bill are the objections of the other railway representatives?

Mr. Flintoff; Yes, sir.

We prepared a short memorandum which has been distributed to indicate the points we had in mind.

In the first place, sir, the railways consider it would be fruitless to voice any opposition to the principle of unemployment insurance, as we take it that the Bill, having reached this stage, the principle is pretty well settled. What we wished to bring to the attention of the Committee was, in the first place, the suggestion as to an exception, and, secondly, certain

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provision is to an exception, and, secondly, we

suggestions as to amendments in the machinery of the Act, designed to give somewhat greater latitude to the Commission to enable it to meet the practical necessities of our case, among other cases which we think will have to be considered by the Commission when it comes to work out the application of the Act.

The Acting Chairman; I notice some members of Parliament are present who are very much interested in the railway portion of this Bill. I want again to call attention to the fact that although they are not members of the Committee they have a perfect right to take part in the discussion and ask questions. They cannot vote, but we welcome any suggestions from them.

Mr. Flintoff; When it comes to asking questions, sir, perhaps I shall have to ask some of those with me to answer. They know a lot more about some of the practical workings of our organization than I do.

In the first place, I wish to suggest that when you are considering exceptions the clerical services in the general and divisional offices of the railway companies should be included in the exceptions. In our memorandum we suggest that an exception be inserted in Part II of the schedule as (g) in the following terms:

(g) Employment in clerical services in general and divisional offices of railway companies.

Our reasons for suggesting that amendment are largely along similar lines to those put forward by the departmental stores.

In examining this schedule I must say I have had some difficulty in trying to discover any logical basis for the exceptions made. If the exceptions are based on the seasonal character of the employment, such

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basis for the exceptions made. If the exceptions are

based on the seasonal character of the employment, such

as in agriculture, fishing, lumbering and logging, and so on, that is one thing. If that is the case our clerical staff should not be excepted. If, on the other hand, the exceptions are based on the ground that employment is very stable and continuous, then we say our clerical services in the general and divisional offices should be included in the exceptions.

It is rather difficult to follow the principle upon which these exceptions are based. You have in the first place in the opening five exceptions, agriculture, fishing, lumbering and logging, hunting and trapping, and then employment in transportation by water or by air, and stevedoring. Then in (f) you come to employees of banks, mortgage, loan, trust and insurance companies and other financial business. I can understand the principle running through the first five, but it is difficult to apply the same principle to the sixth class. I assume that the financial institutions are included in the exceptions on the ground that the employment in those institutions is continuous; there is stability of employment. If that is the ground, then we say the clerical staffs in our general and divisional offices should be within the exception.

Right Hon. Mr. Meighen; Is it not logical enough, Mr. Flintoff? The exceptions are of two classes: one, those who do not need unemployment insurance; two, those to whom you cannot possibly apply it.

Mr. Flintoff; Then we say our clerical staffs do not come under this class? I have heard it said that the reason you put in some of these stable employments is to sweeten the pot, to carry the load.

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that the reason you put in some of these stable employments is to sweeten the pot, to carry the load.

Hon. Mr. Laird: What does that expression mean, Mr. Flintoff?

The Acting Chairman: It is a railway expression.

Hon. Mr. Laird: I thought it was a legal term.

Mr. Flintoff: I think it has received the sanction of the law. But if that is the ground, then I am afraid my friends who have preceded me this morning will find nothing under their feet. If we have to have stable employment classes to help carry the burden, all right. Then I say, why not the financial institutions which will lighten the burden all round. If on the other hand, it is not necessary to sweeten it, I say, leave out this class of employment, which is just as stable and in respect of which the conditions of employment are practically the same as those of banks and insurance companies.

Hon. Mr. Griesbach: If we accept that proposal from the railways we would have to go further and deal with the same sort of persons. For instance, I can imagine the Imperial Oil Company have a large clerical staff and manufacturing and distribution staffs as well. If we excepted the railway companies, we would have to go down the line.

Mr. Flintoff: I think, sir, that fairly you probably would have to. But it seems to me that it should be wither one way or the other. I cannot, for instance, see --- without making any invidious comparisons but just to give a concrete case --- why the clerical class in our Windsor street station on the one side of Dominion Square should be in the clerical staff on the Sun Life Insurance Company on the other side of Dominion Square should be out. I am not directing that against the Sun Life, but just as a concrete example. The stability

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Station is a very different class from the clerical class

in the same station on the other side of Dominion

Station. I am not suggesting that the clerical class

is a different class from the clerical class in the same

of employment is practically the same in the one as in the other.

Right Hon. Mr. Meighen: Are you quite sure it would be? Can you establish that?

Mr. Flintoff: Yes, sir. I do not think there is any question about that. Our general office staff is not affected by fluctuations of traffic at all. We have to have that staff to keep the machine going at all. It is different in local freight offices and places of that sort where the employment is more or less affected by traffic fluctuations.

The Acting Chairman: Are these exceptions in the British Act?

Mr. Flintoff: The railways are out of the British Act, but I believe from what I have heard that if they had to do it again they would put them in. So I cannot argue very much from that.

The Acting Chairman: Are the banks out of the British Act?

Mr. Flintoff: As I understood from Mr. Mills, the banks contracted out.

Right Hon. Mr. Meighen: Is that so, Mr. Mills?

Mr. Mills: They contracted out of the original Act, I think, sir.

Right Hon. Mr. Meighen: Are you sure they are out still?

Mr. Mills: Yes.

Mr. Tom Moore: They are in. They have a special scheme which includes them.

Right Hon. Mr. Meighen: Do I understand the banks have a special plan of insurance which is their own?

Mr. Tom Moore: They are allowed to come in under the special scheme where they have it themselves, and they are still under it.

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Right Hon. Mr. Meighen: They are really not under the general Act?

Mr. Tom Moore: They are administered under the general Act.

Right Hon. Mr. Meighen: Everyone who contracted out is?

Mr. Tom Moore: Yes.

Mr. Flintoff: But they are not subject to the general contributory scheme.

Hon. Mr. Griesbach: That is another way of getting at the suggestion that you might have a different rate for different business.

Mr. Flintoff: A differential.

Hon. Mr. Griesbach: The clerical staff would be on one rate and the manufacturing staff would be on another rate.

Mr. Flintoff: Yes. I take it, sir, that that of course would mean a revamping of the entire Act, if you attempted to differentiate.

Right Hon. Mr. Meighen: Yes, that would have to be considered very carefully. But so many objections have been urged against it.

Hon. Mr. Griesbach: Proceeding on the assumption that some wise person has drafted this Bill according to a financial scheme, I wonder if we could have any evidence before us that some person has figured it all out, and that this scheme is such that we daresn't touch it.

Right Hon. Mr. Meighen: No. If we were to take such a step as Mr. Flintoff would have us take and let the clerical staffs go out, then I think we should have to increase the contributions. On the other hand,

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if we took in the clerical staffs of all the financial institutions we could pretty well diminish the contributions.

Mr. Flintoff: I would think so, sir.

Hon. Mr. Griesbach: Is any witness available who can tell us where we stand if we tinker with the Bill?

Right Hon. Mr. Meighen: Yes, he could be obtained. That is, what the contributions should be if the banks and so on come in?

Hon. Mr. Griesbach: Yes, to give us some idea of the financial structure of the scheme, so we may know what we dare do and what we dare not do.

Right Hon. Mr. Meighen: The actuarial calculations are set out in the debate in the House of Commons. You will need a good week-end to read the debate.

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Hon. Mr. Dandurand: Under this Bill the employer is made to contribute to meet the situation of a certain number of his men being laid off. The employee also contributes and the state makes its contribution.

Right Hon. Mr. Meighen: That is so. An even levy is made upon everybody, employer and employee, in the retail businesses, in manufacturing, in railroading so far as the clerical staffs are concerned, and so on. But the people who will mainly benefit are the employees of manufacturing concerns. The retail men say that they are being charged three times the benefits that they will get, and they produce figures to show that. And Mr. Flintoff says "If you include us we are going to be charged three times the benefits we receive, in order that the scale of payments provided for any be made to persons who get out of work in other businesses." Mr. Flintoff suggests that if the railways are included, then the banks and financial institutions also should be included. If that were done we would have to go back to the actuaries and find out what would be the right assessment, for it necessarily would be reduced. On the other hand if we leave out the clerical staffs in the permanent employ of the railways, and also the head office employees of the Imperiod Oil Company -- I do not mean employees of the service stations -- we shall have to add to that assessment of 25 and 21 cents, probably have to double it.

Hon. Mr. Dandurand: As I understand it, the employer whose business is steady, and the employee who has continued employment, will be paying for the benefit of people in other lines who are unemployed.

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Hon. Mr. Dandurand: And they will be paying twice. That is they will be paying as employers or employees, as the case may be, and also as ratepayers they will be contributing taxes like the rest of us.

Right Hon. Mr. Meighen: Yes.

Hon. Mr. Griesbach: It seems to me that we may with safety include within the scope of this Bill more people as contributors, but we may not with safety, having regard to the actuarial estimates, take anybody out. If we exempt any persons we attack the financial structure of the Bill. But if we include more people, that would sweeten the pot, as Mr. Flintoff aptly expressed it.

Mr. Flintoff: We do not wish to urge one way or the other, but we do say that you should be consistent in what you do. And we say that there is an inconsistency as the Bill stands to-day.

Right Hon. Mr. Meighen: That it discriminates against you?

Mr. Flintoff: Yes.

The Acting Chairman: It discriminates against any person who is on a clerical staff?

Mr. Flintoff: Against any permanent employees.

Hon. Mr. Griesbach: But we can cure that situation only by bringing other people in. We cannot cure it by exempting you.

Mr. Flintoff: That would be the simpler way to do it, by bringing others in. It does not seem to me

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that the British situation is a safe guide for us in Canada in all respects, under the conditions that we have here. As Mr. Mills has pointed out, the difference in the proportion of agriculture here to other industries is very different from that in Great Britain, and that is responsible for a great difference in conditions in the two countries. We think that the exceptions perhaps bear unduly heavily upon those who are left then under the Bill. We leave the cure for that in your hands. In answer to a question from the Right Hon. Senator Meighen, Mr. Mills said that as far as their company was concerned they could pass on any charge that they have to make in connection with unemployment, provided that their competitors are in the same position. Unfortunately the railways have not that opportunity. We would have to go to the Railway Commission. It would be very difficult, as a matter of fact, to get an increase based on what we might have to pay for unemployment insurance.

Right Hon. Mr. Meighen: There is a difference, all right.

Mr. Flintoff: Yes. We are tied down in what we can charge to our customers. The ordinary man in business is not tied down that way. The other suggestions that we have to make, Mr. Chairman, are in reference to the machinery of the Act, and I do not know whether you wish me to draw attention to that now or not. They are short.

Right Hon. Mr. Meighen: There are several of them, are there not?

Mr. Flintoff: Yes.

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Right Hon. Mr. Meighen: I think perhaps if you

leave them with me we can take them up as we come to them

in detail.

The Acting Chairman: It would not be a bad idea to have some person here when we are dealing with this Bill in detail.

Right Hon. Mr. Meighen: There is nothing specially affecting you that you would like to speak on, is there?

Mr. Flintoff: Well, except just generally the scheme of the Act is for payment of contributions by stamps. Now in the case of the railways we think that that scheme is hardly practicable. We are in a different position from the manufacturer or any other employer whose organization is centralized, where the payroll is made up and the money paid out in the same place, practically all under the same roof.

Our operations extending as they do from one end of the country to the other, payment is sometimes made hundreds of miles from the point where the payroll is made up. Take as an example a man in train service in British Columbia. His payroll is made up at Vancouver, at the district headquarters. It goes from there to Calgary,

the nearest payroll office, to be audited and have the cheque issued. And that cheque in turn is sent to the agent at the point

where this man's run terminates, in British Columbia; and that agent is his paymaster. Under such conditions a scheme for affixing stamps to that man's book would be very cumbersome, very difficult to put into practice and would entail a good deal of unnecessary accounting. A more

striking case than this is that of extra gang labourers, that is gangs picked up for special jobs.

Of course we have more or less permanent extra gangs that work in the summer time, but constantly we have to hire extra gangs for emergencies, such as the snow slide

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or blockade, or washout, things of that kind, where a readmaster or a section foreman may have to gather up all the men he can locally and go right at it and get rid of the obstruction. Those fellows are picked up locally and they are just day labourers. Under the Act they are entitled to compensation. But the payroll for them -- it may be for only three or four days' work -- has to be sent to the timekeeper. They would have to send in their books, the payroll would have to be made up and the cheques made out and sent back. Keeping track of the books and so on would be very cumbersome.

Right Hon. Mr. Meighen: What do you suggest in place of that?

Mr. Flintoff: Our suggestion is simply to make the act broad enough to give the Commission power to work out another plan, which we think we can suggest at the proper time. We do not want to burden you with this here.

Right Hon. Mr. Meighen: I do not see any objection to that at all.

The Acting Chairman: We might get an impossible Act, in other words.

Right Hon. Mr. Meighen: That is just a matter of internal arrangement?

Mr. Flintoff: Yes.

The Acting Chairman: You have no objection to arriving at the same result?

Mr. Flintoff: No. We think it would be fruitless to object to arriving at the same result. We think the time for that has gone. The Committee will remember that when the excise tax was put on there was a provision for the licensing system under which large organizations could take out a license. They accounted periodically and

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they were relieved of the necessity of putting a stamp on every cheque. We are just making a suggestion here. It might not work out, but we think that something should be done.

Right Hon. Mr. Meighen: If you cannot work anything out with the Commission, you would have to do it as the law provides.

Mr. Flintoff: Yes.

The Acting Chairman: Your main suggestion is that you think you should not be included in this scheme when other companies are out, particularly the banks.

Mr. Flintoff: We think our permanent office staffs should not be included. As to the other things we will be glad to have you consider these amendments that I have here. One of them deals with the case of the train service employee whose pay is not based on time occupied but on miles run. Such a man may earn his normal month's pay, in, say, three weeks. He will then lay off and for the rest of the month a spare man takes the run. Now he should not properly be counted as unemployed that balance of the month. We suggest a change in section 25 to meet that situation.

The Acting Chairman: That is a question of operation?

Mr. Flintoff: Yes, it is a question in the mechanics of the Act. I do not think that anybody would regard such men as out of employment during that off period.

The Acting Chairman: Has there been any discussion or complaint entered about that point of these men being considered out of employment? Has the question been raised at all?

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The Acting Chairman: Has there been any discussion

or complaint entered about that point of these men being considered out of employment? Has the question been raised

at all?

Mr. Flintoff: No, not that I know of, sir.

That was just one of the points that we had in mind.

Of course we did not have an opportunity of making any detailed suggestions in the House of Commons. We were told that we would have an opportunity of making them to the Senate.

(G follows)

The Acting Chairman: That is what we are here for.

Mr. Flintoff: Yes, sir.

Right Hon. Mr. Meighen: Someone has to do the work.

The Acting Chairman: Are there any questions? Do you want your confreres to say anything?

Mr. Flintoff: Unless there is some information that members of the Committee care to have I do not think we need trouble you further at this stage.

Right Hon. Mr. Meighen: There is a gentleman here from the Wampole Company, in Perth, who would like to be heard.

The Acting Chairman: This is Mr. A.L. Code of Perth.

Who do you represent, Mr. Code?

Mr. Code: I represent the manufacturers of the town of Perth, Mr. Chairman.

Mr. Chairman and gentlemen, I do not believe I can add very much to what has already been presented to you, but I have a short memorandum which I should like to read.

Right Hon. Mr. Meighen: Remember, there has been nothing presented against this Bill from the standpoint of the manufacturer, at least, nothing at all that I have heard.

Mr. Code: We believe that the Act as presently constituted will bear very heavily and unfairly upon certain lower wage industries in Perth who have had in the past a record of continuous employment. These industries produce necessities --- shoes, clothing,

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industries produce necessities --- shoes, clothing,

medicines, soaps, etc., --- which are required and consumed either in depressed or normal conditions, and factories engaged in these occupations may therefore have a reasonable expectation of continuous operation provided, of course, that they are adequately financed and efficiently equipped and operated.

It must also be pointed out that they are highly competitive industries and business is transacted in volume on very small margins.

Let us consider the luxury trades where employment is at the best spasmodic and at other times non-existent. Here the wages, for reasons stated above, are high in comparison and the benefits to be derived from insurance very great.

We submit that the tendency of this Act would be to increase the cost of necessities and to lower the cost of luxury products, since the reason for the payment of higher wages would be removed.

Right Hon. Mr. Meighen: You include the drug products of the Wampole Company among necessities?

Mr. Code: Yes, sir, I do. I think it has been fairly well proven.

Right Hon. Mr. Meighen: I think they are very good products, but do you say they are necessities of the kind that have a pretty steady market?

Mr. Code: Yes, sir.

Right Hon. Mr. Meighen: Through depressions and all other times?

Mr. Code: Yes. Mr. Campbell who is with me has pointed out that there are other reasons peculiar to his business which would prevent their closing down for any extended period. He could explain that better than I.

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With the increasing burden so placed manufacturers will surely tend toward further mechanization of their factories and the consequent supplanting of labour.

Hon. Mr. Griesbach: Louder!

Mr. Code: Yes. We further submit that many of our manufacturers have operated continuously for over twenty years and during quiet periods and depressed conditions have shown a willingness to keep their plants operating and their employees working when cold-blooded business principles would have dictated otherwise. Also in many cases wages were maintained at the 1929 level.

Surely these industries deserve some consideration as opposed to the hard-boiled hire and fire principles of certain luxury trades where labour is known by numbers and is treated as a commodity rather than as individuals and human beings.

In conclusion our suggestions are as follows: That each individual industry contribute as outlined in the Bill and be allowed to establish a credit over a year or some stated period. If at the end of such period their record of unemployment was clear payments would cease or at least be scaled down until such time as benefits were required.

The unfairness of including certain industries and occupations as contributors under this Act has already been recognized, and we believe and submit that this principle, if right in the above instances, should apply with equal effect to individual industries where record and expectation of unemployment shows equal justification.

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We do not believe that the good risks should be asked to assume equal obligations with the bad, who, in many cases, have shown little or no ability or willingness to ameliorate the conditions which this Bill is intended to cover.

Just one point in connection with that. I notice that the State of New York has evidently recognized that there are good conditions of employment and also poor conditions, and I believe they are amending their Insurance Act to take that into account.

Right Hon. Mr. Meighen: They have unemployment insurance there, have they?

Mr. Code: I believe so, sir.

Right Hon. Mr. Meighen: Of course, in England there is no differentiation at all.

Mr. Code: Under the terms of the amendment the Council would be empowered to set various scales of contributions not below one per cent, after 1938. It would be empowered to penalize firms considered poor employers, or those with frequent labour turn-overs.

Right Hon. Mr. Meighen: That is not passed yet?

Mr. Code: No, sir, it is an amendment.

Right Hon. Mr. Meighen: You have practically no unemployment in your town now.

Mr. Code: I would say this, sir, that it is certainly at a higher level than in 1929.

Right Hon. Mr. Meighen: You mean employment is.

Mr. Code: Yes, sir.

Right Hon. Mr. Meighen: Higher than in 1929?

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Mr. Coder: Yes, sir.

Right Hon. Mr. Meighen: Higher than in 1929?

Mr. Coder: Yes, sir. I feel, in fact,

it is the case, that many have returned from outside points, the United States and elsewhere, that we have not been able to absorb. But employment is at a higher level in Perth now than it was in 1929.

The Acting Chairman: Now we have Mr. T.A. Campbell, Manager of the Wampole Company.

Right Hon. Mr. Meighen: Mr. Code said you could explain how it is that your company, though it is producing medicines and drugs, nevertheless has such a stability of market, or something else, that it has great stability of employment.

Mr. Campbell: I think Mr. Code probably got us just a little mixed up. We have had a falling off in business the same as any other industry. Our volume is down from what it was a few years ago. But we have not discharged any employees. We have as many employees as ever, for the reason that we try to keep them going until they leave to get married or something like that.

Hon. Mr. Griesbach: How many employees have you?

Mr. Campbell: About 160.

Hon. Mr. Laird: Why would a man have to leave because he was getting married?

Mr. Campbell: Men don't leave. We have very little turn-over in our male help. The ladies do get married, and that is the way we have taken care of the depreciation in employment.

Hon. Mr. Laird: What is the proportion of male and female labour?

Mr. Campbell: About 48 per cent of men and 52 per cent of women. I am just guessing at that.

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Hon. Mr. Hughes: Then the female help would be smaller in numbers now than it was a few years ago.

Mr. Campbell: The female help is lower than it was. The view I would like to put before you is this. We have been in Canada for thirty years, in Perth, and if this legislation had been in existence during that time we would have paid into this fund from that day in the neighbourhood of \$100,000.

Right Hon. Mr. Meighen: You and your employees, both?

Mr. Campbell: We and our employees, and I do not see that any of our employees would have received one dollar in return. We do not have any unemployment. We do discharge people for reasons, but not for lack of work. That has been our experience. I have been directing the company now for eighteen years, and we have not discharged any employees during that period because of lack of work.

Then, in addition, we have certain welfare work. We have a sick benefit that we pay. Every employee who is sick gets half wages for thirteen weeks. They contribute nothing. Then we have group insurance, to which they contribute about fifty per cent. In addition to that we have what we think is a very valuable thing, and which would offset any benefit that this Bill would give them, namely a pension. They contribute about fifty per cent of that charge.

Hon. Mr. Griesbach: What is the charge?

Mr. Campbell: The charge is three per cent of their earnings. That is returnable to them. It is not our money, and is returnable to them. If they should leave, if they should be discharged, or if they should

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per cent of their salary, namely a pension.

That is the only way in which we are paying anything

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die, it is returnable in cash before death, or, after death, is payable to their beneficiaries. I think, therefore, the company should be permitted to contract out. The benefits that can be accumulated under our pension scheme would probably more than offset any benefit they would derive from unemployment insurance. I do not think any of our employees in our thirty years of experience would come under this Act at all.

The Acting Chairman: If you are under this Act and contribute under it, will there be any tendency on your part to consider your obligations largely met if you abide by the law?

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(Banking and Commerce)

H-1

Mr. Campbell: Naturally we would have to take care of the extra charge. These schemes I mentioned were put into effect when conditions were probably a little more prosperous than they are to-day, and it would be necessary --- we would have to cut off something. It is costing us a lot of money to-day to carry these various welfare schemes, and there would be a tendency to cut out something.

Mr. Mills, I think it was, mentioned that he had taken a poll of a few of his employees. I did the same. There is no one in our employ that I asked --- I did not go through the whole plant --- but no one would want the additional charge taken from their pay envelopes. The minimum charge to-day for a girl making \$11 a week is 65 cents. She has that taken from her envelope. Another 21 cents on top of that hurts. They do not like it.

The Acting Chairman: The 65 cents is to meet your scheme?

Mr. Campbell: Yes. They pay 50 cents towards the pension and 15 cents towards the insurance. The 50 cents is returnable some time or in some way, if we should discharge them or should shut down. Our business does not lend itself to shutting down. We manufacture about 5,000 different items, and we could not in any way anticipate the requirements for a period of three or four months. It would mean if we were closed down for that period we would be out of business --- probably the sheriff would be in possession. The business does not lend itself to closing down. We have to keep

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of three or four months. It would mean if we were

closed that we would have to pay out a great deal of money

for the inventory of the factory. The factory

has not been closed in several years, and we are now

going and be in a position to supply the demand for the various items we make. The whole pharmaceutical industry is in that same position.

The Acting Chairman: Does anyone wish to ask Mr. Campbell any questions?

Thank you, Mr. Campbell.

Mr. Macdonnell, of the Canadian Manufacturers' Association, wishes to say a word or two.

Mr. H.W. Macdonnell: Mr. Chairman and honourable members of the Senate. May I add this to what I tried to say last week?

It is clear, I take it, that this Bill if it becomes law will not apply to or take care of more than a small proportion of the unemployed, that is, if unemployment of anything like the present proportions continues, or if even 50 or 25 per cent of it continues. As I say, I presume it is clear the scheme will not take care of more than a certain relatively small proportion of the unemployed. There will still be a large number not taken care of at all.

I should like respectfully to suggest to the Committee that consideration should be given to the question, whether or not there should be inaugurated concurrently with this scheme a well articulated scheme for dealing with the large number who, as I say, will not be taken care of under this scheme, if wide-spread unemployment continues. If that is not done, I submit that we are almost certain to have the same experience in this country as they have had in England. That is to say, there will be an almost irresistible pressure to let down the bars of your so-called insurance scheme, with the result that it ceases to retain its character as an insurance scheme and benefits begin to be made

going and be in a position to supply the demand for the various items we make. The whole pharmaceutical industry is in that same position.

ask Mr. Campbell any questions?

Thank you, Mr. Campbell.

Mr. Macdonnell, of the Canadian Manufacturers' Association, wishes to say a word or two.

Mr. H.W. Macdonnell: Mr. Chairman and

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in this country as they have had in England. That is

to say, there will be an almost irresistible pressure

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regardless of contributions, and so on. I realize of course that it is a very large order in a country with so many conflicting jurisdictions and so on, as we have here, but I do submit in all seriousness that it is a question of the very greatest importance.

When I say that I am not putting before you simply my own opinion; I am thinking of the considered opinion of the British experts. Invariably when one has asked persons with expert knowledge of the British scheme and with great experience of its workings, what their advice would be to this country, if and when it comes to adopt a scheme, the first thing they say, and the thing they emphasize all through, is this very point, that you must recognize that your insurance scheme is only to take care of a limited number of people, and you must make provision to take care of those who won't come under it.

I wish to add this further observation. I think that whole question becomes particularly important in view of the fact that the administration cost of a scheme of this kind is a very serious item, and of course that is something the State is undertaking. Members of the Committee no doubt are aware that the administration cost in England over a period of years was between 12 and 13 per cent of the net income of the fund. The statement has been made, as I understand it on good authority, that in this country the present scheme when it becomes law will, it is estimated, call for a staff of some 3,800 persons, that their wages, salaries and so on and rents will cost some \$5,700,000, and that in addition there will be about \$1,000,000 for supplies. That is a total of some \$6,700,000.

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I wish to add this further observation. I think that whole question becomes particularly important in view of the fact that the administration cost of a scheme of this kind is a very serious item, and of course the Committee no doubt are aware that the administration cost in England over a period of years was between 12 and 15 per cent of the net income of the fund. The statement is that in this country the present scheme when it comes law will, it is estimated, call for a staff of 1,000 persons, and that the cost of this staff in addition there will be about \$1,000,000 for supplies. That is a total of some \$6,700,000.

The Acting Chairman: That is in addition to the expenses of the companies?

Mr. Macdonnell: Yes. That is the cost of the administration which, of course, is being borne by the State.

The interests I represent are fearful of two things. First of all, they are fearful for the financial stability of the fund. That is why we urge that banks and insurance companies and financial houses generally, in other words, the good risks, should be brought in and not excluded. Secondly, we are fearful that the costs of administration may get out of hand. If it runs from 12 or 13 per cent in England, where distances are short and industry highly organized, we fear that in this country it may run up anywhere to 20 per cent. As I say, we are particularly afraid that unless provision is made for the large body of unemployed who will not come under this scheme, the scheme itself may be swamped.

Right Hon. Mr. Meighen: Whom do you represent, Mr. Macdonnell?

Mr. Macdonnell: The Canadian Manufacturers' Association.

Right Hon. Mr. Meighen: How in the world could you bring all the unemployed people under unemployment insurance?

Mr. Macdonnell: I do not mean, sir, that the unemployed would come under an unemployment insurance scheme. I mean that, just as in England, they have launched a scheme to take care of the people who are not entitled to benefit under the unemployment insurance scheme, they have a separate scheme for them.

Right Hon. Mr. Meighen: So have we.

The Acting Chairman: That is in addition

to the expenses of the companies?

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Right Hon. Mr. Meighen: Whom do you represent,

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Right Hon. Mr. Meighen: Now in the world could

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Right Hon. Mr. Meighen: So have we.

Mr. Macdonnell: But my point is, it is not co-ordinated with this.

Right Hon. Mr. Meighen: That would have to come after.

Mr. Macdonnell: The view of these British experts was that you really should have that scheme instituted first, otherwise your unemployment insurance scheme runs very grave danger of being swamped.

Right Hon. Mr. Meighen: What is the nature of your scheme for taking care of people who do not work at all? What scheme can you have to keep them?

Mr. Macdonnell: It is a scheme more or less of direct relief.

An Hon. Senator: The dole.

Right Hon. Mr. Meighen: That is what we have. What do you work in between it and unemployment insurance. What is the link between them?

Mr. Macdonnell: I mean under the British legislation there is provision for so many benefits on the basis of so many weeks' contribution. After that they have dovetailed with the unemployment insurance scheme a provision that people who are not entitled to the benefit on the basis of contributions come in for other relief.

Right Hon. Mr. Meighen: We have that too. You use the words co-ordinate, dovetail, and so on. There is the fellow who does not work for two or three years, and we pay him so much or keep him at a camp. How are you going to dovetail that with unemployment insurance?

Mr. Macdonnell: Perhaps my expression is unfortunate. I mean under this scheme a man would be entitled, say, to thirteen weeks' benefit. His unemployment continues after that. The Dominion

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Government then says to him, "We have nothing more to do with you. You have to go elsewhere." They send him to the provincial or the municipal authorities.

Right Hon. Mr. Meighen: Then he goes out of unemployment insurance, but he is taken care of the same as other unemployed people, just exactly as he is taken care of in England.

Mr. Macdonnell: I know, but my point is, for what it is worth, if the Dominion says, "Very well, we establish this unemployment insurance scheme, but we will so regard it only up to a certain point, After that we have no more responsibility." ---

Right Hon. Mr. Meighen: Mr. Macdonnell, we do not say that. We say it is the primary responsibility of the provinces and the municipalities, but we have a plan with them for the making up of the entire fund. But why do you come and tell us that we have to have some special scheme to take care of them in some other way before we can have unemployment insurance? You mean to say the Dominion Government had better have an organization of its own throughout the whole country?

Mr. Macdonnell: No.

Right Hon. Mr. Meighen: What do you mean?

Mr. Macdonnell: I simply mean --- I do not say it should be a purely Dominion scheme, but I do suggest there ought to be a scheme worked out between the Dominion and the provinces and the municipalities to take care of the people who are unemployed.

Right Hon. Mr. Meighen: There is now. It has been working for five years. In fact it worked away back fifteen years ago; we had a plan in 1920 and 1921, 1922 and 1923.

Hon. Mr. Dandurand: But it is about to break down.

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been working for five years. In fact it worked away back fifteen years ago; we had a plan in 1920 and 1921,

Right Hon. Mr. Meighen: It has been about to break down ever since I heard of it.

Mr. Macdonnell: That is my point. I do not say a purely Dominion scheme. I mean a joint scheme --- Dominion, provinces and municipalities. Otherwise we think the danger, as I say ---

Right Hon. Mr. Meighen: This Bill may have to be altered, I do not know, but I cannot see that the problem you suggest has the slightest relationship to this problem at all.

The Acting Chairman: We will meet this afternoon after the Senate rises.

The Committee adjourned accordingly at 1 o'clock.

Right Hon. Mr. Weighen: It has been about

to break down every since I heard of it.

Mr. Weighen: I am not sure, I do not

say a word of it, I am not sure, I am not sure

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The Chairman: It will be

1 o'clock.

MINUTES OF EVIDENCE

THE SENATE

Wednesday, April 3, 1935.

The Standing Committee on Banking and Commerce to whom was referred Bill 8, entitled: "An Act to establish an Employment and Social Insurance Commission, to provide for a National Employment Service, for Insurance against Unemployment, for aid to Unemployed Persons, and for other forms of Social Insurance and Security, and for purposes related thereto," resumed this day at 11 a.m.

Right Hon. Mr. Graham in the Chair.

(B-1 Follows)

Committee on Banking and
Commerce to whom was referred Bill 8, entitled:

"An act to establish an Employment and Social
Insurance Commission, to provide for a National
Insurance System for Unemployed Persons, and for other
forms of Social Insurance and Security, and for
purposes related thereto." resumed this day at

11 a.m.

(B-1 follows)

The Acting Chairman: Shall we hear Mr. Flintoff this morning?

Some Hon. Members: Yes.

E.P. Flintoff, K.C., appeared before the committee.

Mr. Flintoff: Mr. Chairman and honourable members, a memorandum was distributed yesterday in which are outlined what we propose by way of amendment and the reasons for our suggestions. Since the memorandum was prepared one other amendment has been drawn up, and I will refer to that a little later. It is an amendment to the second schedule, Part II, page 33 of the Bill.

The other amendments are set out on the first page of the memorandum. They are to clauses 17, 18, 25 and 35 of the Bill. I will refer first to the proposed amendment to clause 25. In support of this amendment it is pointed out that under the railway agreements with the so-called running trades, that is engineers, firemen, conductors and trainmen, the normal month's work is fixed by reference to the number of miles run and not to the time employed. After the employee performs the mileage for which he received his normal month's pay, he lays off for the remainder of the month, during which time his place is taken by a spare man. Employees in these classes cannot properly be regarded as unemployed during these lay-off periods. To take care of this we suggest that the following be inserted as new sub-clause (d) :

(d) persons engaged in the operation of trains whose normal period of employment during each month is, under agreement made between employers and representatives of employees, limited by reference to the number of miles run;

and change sub-clause (d) to (e).

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Mr. Flintoff: Mr. Chairman and honorable

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month, during which time his place is taken by a spare

man. Employees in these classes cannot properly be

regarded as unemployed during these lay-off periods.

To take care of this we suggest that the following be

inserted as new sub-clause (d) :

(d) persons engaged in the operation of trains

and change sub-clause (d) to (e).

You will see it is provided in sub-clause 2 of clause 25 that:

the Commission may from time to time make regulations which shall, in relation to the classes of persons to whom this section applies, impose such additional conditions and terms with respect to the receipt of benefit and such restrictions on the amount and period of benefit and on the number of days of any period of continuous unemployment to be excluded from the benefit period, and make such modifications in the provisions of this Act relating to the determination of claims for benefit and the meaning of "continuous period of unemployment", as may appear necessary to remove or substantially remove the anomalies.

These special classes include persons who habitually work for less than a full week; persons whose normal employment is for portions of the year only in occupations which are seasonal; persons whose normal employment is in an occupation in which their services are not normally required for the full week or who owing to personal circumstances are not normally employed for the full week; and married women who, since marriage or in any prescribed period subsequent to marriage, have had less than the prescribed number of contributions paid in respect of them. In our view there is no provision made there for the man who is regularly employed but who performs his month's service in less than a month by reason of the method of payment adopted.

Hon. Mr. Parent: Longshoremen?

Mr. Flintoff: No, sir, what are called running trades on the railways.

Right Hon. Mr. Meighen: I am told that these trades are not only paid according to the mileage run but that there is some hoggishness going on, and certain fortunate men get in reality forty and fifty days' work a month.

the Commission may from time to time make regulations which shall, in relation to the character of work, the number of days of any period, and the number of days of any period, be subject to the Commission's power to make such modifications as it may deem proper.

ordinarily work for less than a full week; persons whose normal employment is in an occupation in which their services are not usually required for less than a full week or who owing to personal circumstances are not usually required for less than a full week; persons who, since marriage or in any prescribed period subsequent to marriage, have had less than the prescribed number of contributions paid in respect of their service; for the man who is regularly employed but who performs his month's service in less than a month by reason of his being employed on a full-time basis.

Mr. Tindall: No, sir, what are called running trades on the railways.
Right Hon. Mr. Nathan: I am told that these trades are not only paid according to the mileage run but that there is some kind of bonus given to the men who run the fastest trains.
Mr. Nathan: Yes, sir, that is the case.

Mr. Flintoff: That matter has been a subject of discussion among the different employees. It is not a matter in which the companies have taken sides one way or the other. The condition has existed for years.

Right Hon. Mr. Meighen: It comes up under the eight-hour-day Bill rather than here, does it not?

Mr. Flintoff: Yes. The suggested amendment to this section is designed to prevent the possibility of men who are regularly employed and receiving their normal pay from being regarded during a portion of each month as unemployed.

Hon. Mr. Murdock: Mr. Flintoff, on both Canadian railways there are many hundreds of men who hold joint seniority rights in station and yard service.

Hon. Mr. Beaubien: What does that mean?

Hon. Mr. Murdock: Interchangeable seniority rights as between yard service, which is handled by the hour, and road service which is usually handled by the mile. Now in many cases there are men who may work for a week in yard service, in accordance with their seniority rights. Then they would go on the road for a week or two. Or they might work for a couple of months in the yard and then on the road. How would you deal with them under your proposed paragraph (d)?

Mr. Flintoff: This paragraph (d) is simply designed to enable the Commission to take all these things into consideration, Senator Murdock. We are not asking the Senate to make provisions in the Bill

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...in which the companies have taken action
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the road for a week or two. Or they might work for

a couple of months in the yard and then on the road.

How would you deal with them under your proposed

paragraph (d)?

Mr. Flintoff: This paragraph (d) is simply

things into consideration, Senator Munroe. We are

not asking the Senate to make provisions in the Bill

that will freeze existing arrangements, or anything of that kind. We are simply suggesting the inclusion of these men in the so-called special classes.

Mr. W.F. O'Connor: Service not measured wholly by the clock?

Mr. Flintoff: Yes. The idea is simply to leave the Act broad enough that the Commission can adjust these situations as they develop.

Hon. Mr. Dandurand: Under sub-section 2?

Mr. Flintoff: Yes sir. Sub-section 2 gives the Commission authority to make adjustments in respect of the classes set out in sub-section 1, and we suggest an addition to these special classes.

Our other suggestions are in regard to clause 17 (1), clause 18 (1) and clause 35 (1). They have to do with the method of contribution.

Right Hon. Mr. Meighen: Your amendments in respect of them are necessitated by what you have already suggested as an amendment to section 25?

Mr. Flintoff: No sir. This is another subject. These suggestions are designed to broaden the discretion of the Commission.

Right Hon. Mr. Meighen: To cover the point you made yesterday?

Mr. Flintoff: Yes sir, in regard to stamps. Clause 17 (1) provides:

(1) The funds required for providing unemployment benefit and for making any other payments which under this Act are to be made out of the Unemployment Insurance Fund, established under this Part of this Act, shall be derived partly from moneys provided by Parliament, partly from contributions by employed persons and partly from contributions by the employers of those persons, which contributions shall be paid by means of revenue stamps as hereinafter provided.

that will freeze existing arrangements, or anything

to that effect, in any other way, or in any other

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Mr. Flintoff: Yes. The idea is simply to

leave the Act broad enough that the Commission can

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Hon. Mr. Dandurand: Under sub-section 2?

Mr. Flintoff: Yes sir. Sub-section 2.

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with the method of contribution.

Mr. Dandurand: Your amendments in

relation to the method of contribution, or in any other way,

already suggested as an amendment to section 25?

Mr. Flintoff: No sir. This is another subject.

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We are suggesting that these words be added to that clause:

or otherwise as may be ordered by the Commission.

The Chairman: What is your reason for suggesting that?

Mr. Flintoff: It is stated in the memorandum, sir. The suggested amendments to clauses 17, 18 and 35 are designed to give greater latitude so as to avoid the immense amount of unnecessary accounting work which would be involved if the railways were confined to the stamp system for payment of contributions.

Right Hon. Mr. Meighen: I notice that the British Act has this provision:

Special arrangements may be made by employers with the Ministry of Labour under which the employer may make a deposit with the Ministry in order to enable him to stamp his employees' books at quarterly or half-yearly intervals instead of at each payment of wages.

Would that system work here?

Mr. Flintoff: I do not know that we would like to be pinned down to making a deposit, sir.

Right Hon. Mr. Meighen: Deposits are harder to make than they used to be?

Mr. Flintoff: They are, indeed. We have not got so many deposits as we had. In other words we do not want to have to give up our money until it is due.

Right Hon. Mr. Meighen: It could be covered by bond, of course.

Mr. Flintoff: Possibly. But I would not think that would be necessary, in the case of the railways. Of course our suggestion is that this is something which

or otherwise as may be ordered by the Commission.
The Chairman: What is your reason for suggesting

that?

Mr. Rintoul: It is stated in the memorandum.

Mr. Rintoul: The suggested amendments to clauses 17, 18 and 19 are designed to give greater latitude as to avoid the immense amount of unnecessary accounting work which would be involved if the railways were confined to the

Right Hon. Mr. Meighen: I notice that the British

Act has this provision:

"The Commission may, in its discretion, require any railway company to furnish it with such information as it may deem necessary for the purpose of enabling it to exercise its powers under this Act."

Now, that is a very broad power.

Mr. Rintoul: I do not know that it is so broad.

It is a very broad power in my opinion.

Mr. Rintoul: I think it is a very broad power.

Now, that is a very broad power.

Mr. Rintoul: They are, indeed. We have not got

as many deposits as we had. In other words we do not

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Now, that is a very broad power.

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Mr. Rintoul: Possibly. But I would not think

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It is a very broad power in my opinion.

could be thrashed out with the Commission, and they could make a regulation which possibly might permit a licensing system such as there was in connection with excise stamps. At the moment our suggestion is simply to make the Act broad enough that the Commission can provide for a perfectly reasonable and simple arrangement, having regard to the extent of the operations of the railway companies. Our memorandum goes on to say this. It need hardly be pointed out that the conditions in the service of the larger railway systems, extending from one end of the Dominion to the other, are entirely different from those obtaining in manufacturing or other establishments whose operations are concentrated at certain points. This fact will probably be better appreciated when the practice necessarily followed by the railways in paying wages and salaries is compared with that of the majority of industrial organizations. In the case of industrial organizations the preparation and payment of the payroll is usually all done at one point, whereas, by reason of the far-flung nature of the railways' operations, their payrolls have to be prepared at general and divisional points, but payment must be made through hundreds of different agencies extending over the whole of their systems. For example, a train service employee is working somewhere in the interior of British Columbia; the payroll on which his name appears is compiled at the headquarters of the District. That would be Vancouver. And from there forwarded to the nearest payroll office for audit and preparation of pay cheques. In the case of the Canadian Pacific, that

is Calgary. The cheques are then sent to the agent at the point where the employee completes his run, and that agent has to act as paymaster. The same condition applies to all those working at points other than in the general or divisional offices of the Company, and to insist upon the furnishing of a full supply of Insurance Stamps to each of these paying agencies would create an almost impossible situation, apart altogether from the unnecessary expense to the company which would be involved.

That is just given as an example. As I said yesterday, the case of extra gangs employed is even more complicated.

Hon. Mr. Dandurand: And you are now suggesting what amendment to clause 17?

Mr. Flintoff: We suggest, sir, that sub-clause 1 of clause 17 be amended by the addition of these words:

or otherwise as may be ordered by the Commission.

(C follows)

is California. The changes are then sent to the agent at the
place where the original documents are kept and they are
sent back as requested. The new documents replace the
old ones without any interruption of work in the country.
The Government officials at the Treasury, who have been
the furnishing of a full supply of Insurance stamps to
all of them since the beginning of the war, find it
impossible situation, apart altogether from the unnecessary
expense in the heavy loss of revenue.
It is now proposed to give the Government the right to
Yesterday, the case of extra gangs employed is even more
serious.
Hon. Mr. Barnard: And you are now suggesting
what amendment to clause IV?
Mr. Flintoff: We suggest, sir, that sub-clause I
of clause IV be amended by the addition of those words:
or otherwise as may be ordered by the Commission.

Then in regard to stamps, clause 18 says:

The Governor in Council may by regulation provide for the payment of contributions by means of revenue stamps affixed to or impressed upon books or cards and such stamps shall be prepared and issued in such manner as may be prescribed by such regulation.

Now, we are suggesting in regard to that, that in line 41, after the words "and such stamps" you insert "and the devices for impressing the same". That is with the idea that, possibly, instead of actually affixing a revenue stamp, there might be some device decided upon by which you could stamp the book.

The Chairman: Make an impression.

Mr. Flintoff: Just make an impression.

Right Hon. Mr. Meighen: In the third last line.

Mr. Flintoff: Yes. That is what I have in the memorandum, third last line.

Then in clause 35, subclause 1, it says:

The Minister of Finance shall from time to time deposit in the Bank of Canada, to the credit of the Commission, in an account to be called "The Unemployment Insurance Fund" all revenue received from the sale of unemployment insurance stamps under the provisions of this part of the Act.

We suggest that there should be inserted after the word "stamps" in the second last line, the following words "and all contributions paid otherwise than by means of such stamps."

Right Hon. Mr. Meighen: "All contributions, if any."

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provisions of this part of the Act.

We suggest that there should be inserted after the

word "stamp" in the second last line, the following:

and the said stamp shall be in the form of a

stamp of such design as may be determined by the

Minister of Finance.

Hon. Mr. Parent: Would you strike out all the words after "stamps"?

Mr. Flintoff: No, sir, just insert those words.

Hon. Mr. Parent: You would keep the words that are there?

Mr. Flintoff: Quite. I do not suggest striking out anything. Simply insert these words so as to carry out the idea that there may be some method of paying other than stamps.

Right Hon. Mr. Meighen: Yes. All right.

Mr. Flintoff: These are the amendments suggested in the memorandum. I would also suggest that in the schedule, Part 2, page 33, which reads:

A weekly contribution shall be payable for each calendar week during the whole or any part of which an employed person has been employed by an employer ---

should read, "a contribution shall be payable weekly or at other prescribed intervals for each calendar week." That makes it clear that the payment into the fund may be made at a period other than a week. As a matter of fact, we pay our men every two weeks.

The Acting Chairman: Each week shall be paid for.

Mr. Flintoff: Quite.

Hon. Mr. Dandurand: "Contribution shall be payable weekly or---

Mr. Flintoff: "Weekly or at other prescribed intervals for each calendar week."

Right Hon. Mr. Meighen: That is not in the memorandum.

Hon. Mr. Parent: Would you strike out all

the words after "stamp"?

Mr. Parent: Yes, I will strike out

Hon. Mr. Parent: You would keep the words

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Mr. Parent: Quite. I do not suggest

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Right Hon. Mr. Parent: Yes, I will

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that in the schedule, Part B, page 38, which reads:

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such intervals as may be determined by the

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Mr. Parent: Quite.

Hon. Mr. Parent: "Contribution shall be

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Right Hon. Mr. Parent: That is not in the

negotiations.

Mr. Flintoff: No. I will give you a note of that.

Hon. Mr. Parent: Prescribed by whom?

Mr. Flintoff: By the Commission. They have general powers to make regulations in regard to the payment. If you will turn to clause 19 you will see that it says:

Every person who being insured under this Act is unemployed and in whose case the conditions laid down by this Act are fulfilled, shall be entitled, subject to the provisions of this Act, to receive payments at weekly or other prescribed intervals at such rates as are authorized---

and so on. That is the payment out. The second schedule covers the payment into the fund. We suggest that that should not be rigidly tied down to a weekly payment, that it could properly be settled by the Commission.

The Acting Chairman: It might not be convenient to either party.

Mr. Flintoff: No.

Hon. Mr. Dandurand: You have no amendment for 19?

Mr. Flintoff: No. I just refer to 19 as an illustration.

Right Hon. Mr. Meighen: That is all, is it?

Mr. Flintoff: Yes, sir.

Right Hon. Mr. Meighen: That is fine.

Mr. Flintoff: Thank you very much.

The Acting Chairman: Does any person else desire to be heard on this Bill?

Mr. Flintoff: No, I will give you a note of

General powers to make regulations in regard to the
payment. If you will turn to clause 19 you will see
that it says:

Every person who is employed in the service of the
Government shall be entitled, subject to the provisions
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Right Hon. Mr. Meighan: That is fine.

Mr. Flintoff: Thank you very much.

The Acting Chairman: Does any person else desire

Mr. Tom Moore: Yes.

The Acting Chairman: Shall we hear Mr. Moore?

Some Hon. Senators: Carried.

Mr. Tom Moore: Mr. Chairman and senators, I suppose it is known that I represent the Trades and Labour Congress of Canada, and therefore speak, so far as I am able, for the employee. It was not my intention to make any representations to this Committee in the beginning. Feeling that this was a government measure and that it had been discussed in the House of Commons, we were prepared to accept the measure passed through the House of Commons as a basis upon which we might dwell for the future. I think it has been generally understood that there are numerous things which Labour would like to have seen improved, some things that we would like to have seen left out, perhaps, such, for instance, as the contributive feature, which some of the workers think might have been left out. We are not in harmony with that. There are others who have thought the amount of the contributions ought to have been varied. There has been considerable dissatisfaction with the low scale of benefit and the long qualifying period of forty weeks that a man has to put in within two years prior to receiving benefits, the section referring to strikes, the lack of a definition of "wilful misconduct." All these create dissatisfaction. Then there is the large number it will not apply to at all, because of their being unemployed.

However, as I have stated, it is not my desire to bring these out to-day, because we feel they were

THE CHAIRMAN

The Acting Chairman: Shall we hear Mr. ...

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of Canada, and therefore ... as far as I am ... for

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discussed in the elected House, and therefore we accepted the Bill as it was.

Right Hon. Mr. Meighen: As I understand you, in respect of these things you do not want to express any opinion at all.

Mr. Moore: Except to direct your attention to them as matters upon which Labour has some opinions. We have accepted the Bill on the understanding that it has been drawn up on an actuarial basis, and that therefore, to start alterations might dislocate the entire measure. Therefore we have said we will see how it works out in experience rather than attempt to change it. However, others have made suggestions which would change the actuarial basis, and it is merely in regard to those that I would like to say a word or two, because otherwise my remaining quiet might be construed as giving acquiescence.

The first question I want to deal with is that introducing into the measure merit rating--- that is, that those who have a low incidence of unemployment might have a lesser amount to pay, and those who have heavier unemployment would have a heavier amount to pay.

Hon. Mr. Griesbach: It is now in the Bill?

Mr. Moore: Yes.

Hon. Mr. Dandurand: You are speaking for the employees?

Mr. Moore: Yes, sir. I am just saying that that suggestion has been put forward. We contend that the thing is only practical if it is made on an even basis and the risk spread evenly rather than on the cost basis of each group or industry. Senator

disposition in the House, and I understand you
submitted the bill to the Senate.

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Meighen corrected one thing yesterday. That is the comparison made by the advocates of this merit rating to workmen's compensation. Under workmen's compensation it does lie very largely within the power of the employer and the employee to restrict the number of accidents that may happen. That is not so in respect of unemployment. A firm may be running along without unemployment for years; then outside factors, a change in the tariff structure or a technological change, may have an enormous incidence on unemployment in that industry; then it suddenly finds itself charged with a tremendously heavy burden because an accident of that kind has brought about a very heavy incidence of unemployment. Therefore it is impractical to introduce this system into unemployment insurance, and it has not been introduced into any unemployment measure that so far exists. No country has found it practical.

The second suggestion is as to adjustments being based on pay-roll and earnings instead of being at a flat rate of twenty-five cents per week, as proposed. That system has been tried in some countries, but it has never been tried unless it has been coupled with a change of benefit, also based on pay-roll earnings. That is an important factor that I would like you to consider. A man who is paying a proportion of his earnings would naturally expect to have a similar proportion to benefits, whereas now he expects the same low flat rate whether his earnings are high or low. Where

That method has been tried it has increased the costs enormously. The proposals in the United States vary. The workers shall receive not less than fifty per cent of their earnings, with a minimum of \$10 a week and a maximum of \$20. In

Germany they had to increase their assessment up to about seven per cent of the pay-rolls, whereas our twenty-five cents is roughly only about one per cent. I submit, therefore, that if consideration is given to the recasting of the basis of assessment consideration should also be given to the recasting of the benefits to be paid, and that they should be made proportionate to the man's earnings, and not merely based on the low flat rate.

The third point, gentlemen, is the exceptions

that have been referred to. The claim has been made that because the banks are excluded others should be excluded also. Representation has been made particularly in regard to departmental store employees. Those employees are not organized, and therefore I am not in a position to express their opinion. Some

sections of the employees, such as the drivers and so forth, have recently been organized. We hold that if exceptions are made on the basis of no risk, or comparatively low risk, you would have to seriously consider the question of whether those who are left in could be maintained on the assessments which are laid down;

(D follows)

(Mr. Moore)

Now, Mr. Ingham, do you question the fact whether you would not have to increase it materially from the 25 cents per week to meet even the meagre benefits that are provided if you are going to take out those who would have a comparatively low incidence of unemployment.

I do not know whether it is comparable at all, but for your information I may say the department stores and distributive trades of Great Britain show in the recent reports about 12 per cent unemployment coming within the measure, and as the average for all industries is only 16 per cent, it would lead one to believe that the distributive trades need unemployment insurance just about as bad as any of the others might do.

Of course, if an exception were made there, the exceptions would have to go down the line and it is difficult to know where they would stop. On the other hand the exception proposed by Mr. Macdonnell of the building trade is made because of the higher risk. If you start to take out the higher risks, probably we would have nobody left in the middle by the time the risks have been dealt with.

Our suggestion is that instead of further exceptions being considered, the exception already provided for employees of banks, trust companies and so forth, should be taken out and those employees be included.

The Acting Chairman: There should not be any exceptions you think?

Mr. Moore: No, not on the ground of the incidence of risk.

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Mr. Hoover: No, not on the ground of the
... of them.

Hon. Mr. Laird: Do you question the accuracy of the statements made by the departmental stores?

Mr. Moore: No, I am not questioning them.

Hon. Mr. Laird: What do you say?

Mr. Moore: I think if you take their own figures of the number of people that have been laid off, and so forth, and the average period of employment of six and a half years in some branches, it will probably bear out, if examined closely on an actuarial basis, that they have a rather high percentage of unemployment. It all depends on what is regarded as unemployment.

Hon. Mr. Griesbach: They admitted a 10 per cent unemployment for 1933-34.

Mr. Moore: Yes. Of course, some have to pay a little more than others. If you are to take them out because they might show statistically that they would not draw everything they paid in, then you would have a tremendous cost in some industries and it is doubtful if they could bear it. The emphasis of the British Act from its inception has been to distribute the risk among all as evenly as they can irrespective of the incidence of unemployment.

Hon. Mr. Dandurand: The majority must pay for the minority that would be unemployed.

Mr. Moore: Yes.

Hon. Mr. Dandurand: My difficulty is a trade where we are told there is no need of unemployment insurance because there is no unemployment.

Mr. Moore: Yes.

Hon. Mr. Dandurand: When that case is made out what do you say?

Hon. Mr. Griesbach: We did not have any statement that there are trades where there is no risk.

Mr. Moore: I think if you take their own figures of the number of people that have been laid off, and so forth, and the average period of employment of six and a half years in some branches, it will probably bear out, if examined closely on an actuarial basis, that it all depends on what is regarded as unemployment.

Hon. Mr. Griesbach: They admitted a 10 per cent unemployment for 1934-35. It is more than others. If you are to take them out because they might show statistically that they would not be unemployed, that is all right, but the point is that it is a tremendous cost in some industries and it is doubtful if they could bear it. The effects of the British Act from its inception has been to distribute the risk among all as evenly as they can irrespective of the incidence of unemployment.

Hon. Mr. Landman: The majority must pay for

Mr. Moore: Yes.

Hon. Mr. Landman: My difficulty is a trade where we are told there is no need of unemployment

of unemployment.

Mr. Moore: No, there is none at all, it is only modified.

Right Hon. Mr. Meighen: That is hardly correct. The Wampole man said they had none at all.

Mr. Moore: Yes, up to the present time.

Hon. Mr. Griesbach: I forgot him.

Hon. Mr. Beaubien: It would work injustice in the case of an industry that had no unemployment at all.

Mr. Moore: No. In community life all the time people are paying for things they do not get the immediate benefit of because of a stabilized community.

Right Hon. Mr. Meighen: Persons without children pay the same school taxes as if they had twenty.

Mr. Moore: Yes. I wondered yesterday when I heard of 300,000 people drawing relief whether we had imported them or they were derelicts of our own industry.

Then again there is a misunderstanding I think in regard to the British Act as far as it goes for exceptions. The persons excepted from insurance in Great Britain are only excepted under a certificate of exception granted by the Minister. Such certificate can only be granted to Government departments, public and local authorities, railway companies, public utility companies, and employers whose employees have superannuation rights under Acts of Parliament. The certificate is limited to permanent employees, in whose case the Minister is satisfied all insurance against unemployment is unnecessary. The certificate of the Government is applied only to permanent employees who have completed three years in the employment

schedules in the certificate. They do not take out the complete industry, as has been assumed.

Hon. Mr. Dandurand: Then the principle is affirmed that one who does not need insurance may contract out?

Mr. Moore: It was in the early years. The last report showed after investigation that this had not been exactly lived up to in so many cases that they were inclined to abolish that altogether, but as a compromise they decided that those who already had exception certificates would not be interfered with, but no further certificates would be issued under the revised Act.

Hon. Mr. Dandurand: I should like to draw your attention to this situation. The whole community pays taxes to the federal treasury, and the federal treasury contributes to the unemployment insurance fund. Now, the employees in trades where there is not unemployment are made to contribute their share of those taxes and besides they have to contribute to the unemployment insurance fund --- they are doubly taxed.

Mr. Moore: Of course, Senator, we have never admitted that there is not a risk. I know a few years ago a number of railway men would have said there was absolutely no risk, their seniority would protect them for life. Then we witnessed a change to larger motive power, and the railway company decided to close down their shops instead of rebuilding them to take care of this larger motive power. The men employed there during the best part of their life could have gone to Montreal to the St. Charles shops; some did; others did not want to disturb their family life. Thereupon

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they became unemployed through no fault of their own. Constant changes bring unemployment suddenly. So we do not admit there is security of employment in any line.

Hon. Mr. Griesbach: How about banks, trust companies and so forth?

Mr. Moore: It is just the same there. We have had mergers of banks and the abolition of certain banks, and the staff have gone out of employment, men who thought they were there for life. It was suggested when the Bank Act was being revised that restriction of the note issue would probably mean the banks would have to close up some of their branches. Where would these employees go? Unemployment has come from so many causes, gentlemen, that we do not admit there is any such thing as no need for this protection.

As I was stating, under the Bill a person who has paid up for five years without drawing any unemployment insurance has a bonus of one day for each week's contribution added to his seventy-eight days, with the result that after five years a man may be able to draw a year's unemployment insurance. Supposing a man had paid in for ten years, he would have paid \$130, which is \$13 for each full fifty-two weeks' contribution. If a married man with three children he would draw \$11.40 per week including \$2.70 for his wife and 90 cents for each child. He would draw \$11.40 for a whole year. Roughly, he would get \$600 for the amount he had paid in in ten years. Is it not worth while even for those who consider themselves in stable employment to pay this small sum of 25 cents a week in case of unexpected loss

Mr. Hoover: It is just the same there. We have had mergers of banks and the abolition of certain banks, and the staff have gone out of employment, now we are going to take care of the staff. It will require some time before they can get back to work. There would have to close up some of their branches. Where would those employees go? Unemployment has come from so many causes, gentlemen, that we do not admit there is any such thing as no need for this protection.

As I was stating, under the Bill a person who has paid up for five years without drawing any week's contribution added to his seventy-eight weeks' contribution may draw \$11.40 per week including \$2.70 for his wife and 90 cents for each child. If a married man with three children he would draw \$11.40 which is \$16 for each full fifty-two weeks' contribution. A man had paid in for ten years, he would have paid \$180, suppose to draw a year's unemployment insurance. Roughly, he would get \$800 for the amount he had paid in

of employment?

Hon. Mr. Dandurand: Why do you stop there? Are there not in the community at large --- take in the Senate, if you will --- persons who should also help that fund?

Mr. Moore: If we had had the drafting of the Bill, sir, we might have drafted it on an entirely different basis so that the money would come from different sources. As I said at the beginning we are merely accepting the situation. Our ideal state is not one in which a man would have to contribute from his meagre pay for benefits received.

The Acting Chairman: Suppose a man gets a whole year's benefit?

Mr. Moore: It would be just like it is now, he would have to look to his own resources.

The Acting Chairman: This Bill provides not for permanent but for temporary relief.

Mr. Moore: Yes, seventy-eight days normally and a limit of one year.

Hon. Mr. Dandurand: I see section 16 reads:

(1) Where any employed person proves that he is either:-

(a) in receipt of any pension or income of the annual value of \$365.00 or upwards, which does not depend on his personal exertions; or

(b) a person who is employed in an occupation which is seasonal and does not ordinarily extend over more than twenty-two weeks in any year and who is not ordinarily employed in any other occupation which is insurable employment; or

(c) a person who habitually works for less than the ordinary working day;

he shall be entitled to a certificate exempting him from liability to contribute under this Act and while holding such certificate shall not be insured under this Act.

Here is a party who is in insurable employment, but contracts himself out by saying, "I do not need it." Then it is a question of need which governs?

Mr. Moore: That is voluntary on his part, Senator.

Hon. Mr. Dandurand: But he may be exempted.

Mr. Moore: By individual application to the Commission. They may not grant it.

Hon. Mr. Dandurand: Should he not assume the charge with alacrity?

Mr. Moore: We would not object at all if you made it as broad as that.

Right Hon. Mr. Meighen: This is for employees. As long as you can make the Act workable without forcing employees in, all the better. If everyone was in that position we should not need it at all.

Mr. Moore: I think the basis of the Act might be said to be to force those in who are at some time liable to become a community responsibility.

Right Hon. Mr. Meighen: That is it.

Mr. Moore: I think that is really the basis of the Act. Those who have fixed incomes apart from their earnings are not subject to the Bill.

Right Hon. Mr. Meighen: I thought I got a suggestion from you a minute ago that you would not let a workman pay for the benefit he received. Why, the integrity of the whole situation would collapse if there was no necessity for the workman to pay. Then he would not have much inducement to work.

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There is a party who is in insurable employment, but contracts himself out by saying, "I do not need it."

Then it is a question of need which Government?

Senator: You are talking about the Government.

Senator.

Mr. Moore: My individual application to the Government.

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was no necessity for the workmen to pay. Then he would

not have much incentive to work.

Mr. Moore: There is further than that, sir. The contribution proves the qualification for benefit. Without that it is very difficult to say how you would define unemployment. We recognize contributory insurance for that reason. I was just answering the senator as to an ideal draft Bill, that if we had drafted it we might have drafted it another way so everyone would be covered.

Those are the points I wanted to bring to your attention, plus another one. I have an extract from the March issue of the British Ministry of Labour Gazette containing a short report of the unemployment insurance fund. Reference has been made before this Committee that the fund in Great Britain costs $12\frac{1}{2}$ per cent to administer. I should just like to read this short section:

The report of the Committee on the financial condition of the fund as of December 31, 1934, had now been published. This shows receipts of £62,195,627, of which all but £59,744 represented insurance contributions of employers, employed persons and the State. The expenditure was £49,778,442, made up of £40,588,000 for insurance benefits, £3,939,000 for administration and £5,008,000 for debt services.

That is repayment of the debt which they accumulated when they were charging more than the fund owed. I want to draw your attention to the fact that the administration cost amounts to £3,939,000 out of a total collection of £62,195,000. This is roughly a little less than 7 per cent administration cost in Great Britain. Reference has been made to an administration cost of $12\frac{1}{2}$ per cent. The Act says it

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shall be limited to $12\frac{1}{2}$ per cent.

Right Hon. Mr. Meighen: The British Act?

Mr. Moore: Yes.

Right Hon. Mr. Meighen: It really runs under 7 per cent.

Mr. Moore: It did for 1934.

Hon. Mr. Griesbach: Of course, it would be much higher in this country.

Mr. Moore: Yes, sir. But if you base a probable increase in this country on $12\frac{1}{2}$ instead of 7 per cent you get a distorted idea of what might happen. Double 7 is 14; double $12\frac{1}{2}$ is 25.

Those are the points that I thought it would be helpful to clear up. We are opposed to exemptions. We think there are too many of them already. The remedy is not to exempt further classes, it is to take out the exemption already existing for banks, insurance companies, and so on, bearing in mind of course that those earning more than \$2,000 are automatically taken out of the Act. Non-manual workers earning more than \$2,000 are already exempt. So the highly paid officials of insurance companies and banks would be out.

Right Hon. Mr. Meighen: Don't you think you might reduce that \$2,00 in the first operation of the Act to take in what are really going to be the more necessitous classes? A \$2,000 a year man ought to be able to save enough to protect himself. He ought not to lean on the poor chap who is getting only \$2 a day.

Mr. Moore: It is interesting to notice the number of men already on relief who at one time earned more than \$2,000 a year. It makes one wonder what you can do.

Right Hon. Mr. McPherson: It really runs

per cent.

Hon. Mr. Griesbach: Of course, it would be

possible increase in this country on 18, instead of

7 per cent you get a distorted idea of what might

happen. Double 7 is 14, double 14 is 28.

These are the points that I thought it would

be helpful to clear up. We are opposed to exemptions.

We think there are too many of them already. The

remedy is not to exempt further classes, it is to take

companies, and so on, bearing in mind of course that

50,000 are already exempt. So the highly paid officials

of insurance companies and banks would be one.

Right Hon. Mr. McPherson: Don't you think

the Act to take in what are really going to be the

more necessary classes? A \$2,000 a year man ought to

be able to save enough to protect himself. He ought

to be able to do. It makes one wonder what you can do.

Right Hon. Mr. Meighen: When a man of that class is on relief it is his own fault largely. We do not want to put him in a position where he will repeat that fault. That is my argument for a lower level.

(E-1 follows)

Mr. Moore: I do not think that anyone earning less than \$2,000 can reasonably protect himself against unemployment. That is only \$40 a week.

Right Hon. Mr. Meighen: What about an unmarried man? I protected myself pretty well when I was earning less than that.

Mr. Moore: We have all done it, perhaps, at other times. But we are living in 1935, not in 1905.

Hon. Mr. Dandurand: Perhaps Senator Meighen had no time to spend money.

Mr. Moore: A certain standard of living is expected from men who hold the higher clerical positions. If they want to keep their positions they must maintain this standard, they must to a certain extent keep up with the Joneses, if you want to put it that way. If you are a bank teller you cannot go to work wearing a cap and a pair of overalls. The bank expects you to dress in keeping with the position.

Right Hon. Mr. Meighen: That does not cost much.

Mr. Moore: It means a certain cost, sir. Men earning \$40 a week or \$2,000 a year are ordinarily expected to maintain a certain standard, and the money they spend to enable them to do so cannot be regarded as extravagance. I feel sure that to reduce the limit below \$2,000 would make it too low.

Right Hon. Mr. Meighen: I am trying to talk about it from your standpoint. I am thinking about the fellow who is earning a small wage, who has no particular skill, who is really the under dog, who by nature or circumstances has not been given the power to rise above a very low scale of income. Is it fair to tax him to

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the position of the under dog.

provide unemployment insurance for men earning \$2,000 a year?

Mr. Moore: I would answer you, sir, by stating that the class which probably has been hit hardest by the depression is the class of people who were earning between \$1,300 and \$2,000 a year. Through care and thrift they were able to put aside some small savings, probably to establish a small equity in a home. Great numbers of them lost their jobs, but because of their little savings they were unable to get immediate relief. Gradually they exhausted their savings and lost their homes, and at last they were given some help. Had there been unemployment insurance for these people, many of them would have been saved the destruction of their whole incentive to be careful and thrifty, for they could have got enough to tide them over without having to lose everything they had got together after long years.

The Acting Chairman: Could not your statement be used as an argument against taxing these men in order to build up a fund?

Mr. Moore: We are told that this Act has been figured out on a sound actuarial basis. To make exemptions that were not contemplated would alter the computations.

Right Hon. Mr. Meighen: Take a young girl who is earning \$150 a month as a stenographer. Is the state under obligation to enable her to spend a large part of that on picture shows and be free of worrying about unemployment?

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The Acting Chairman: Could not your statement be

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build up a fund?

Mr. Moore: We are told that this has been

done on a small experimental basis. No more

exceptions that were not contemplated would alter the

conditions.

Right Hon. Mr. McLaughlin: Take a young girl who is

earning \$100 a month as a stenographer. Is the state

under obligation to enable her to spend a large part

of that on picture shows and be free of worrying about

Mr. Moore: I do not know enough about them, sir, to know whether they spend it that way, or how they spend it. I would not like to answer your question.

Right Hon. Mr. Meighen: Would it not be wise to start this thing at \$1,500? It may be that experience would suggest a change later.

Mr. Moore: No sir, because the class earning between \$1,000 and \$2,000 has been hit probably the hardest of any, as I have said. Many of these people have been kept off relief until their small savings were exhausted, and at last they have had to be taken care of. That is why there are more on relief although the figures show an increase in employment.

Right Hon. Mr. Meighen: People are losing their homes because of taxes, and we are increasing taxes all the time.

Hon. Mr. Dandurand: There is nothing in the Bill which distinguishes between married and unmarried people, is there?

Mr. Moore: No measure can differentiate between the responsibilities of married and unmarried persons. A single person may have heavier burdens than a married person. I did not know enough about the standing of single persons to answer Senator Meighen's question. For instance, a girl may be supporting a crippled mother.

Right Hon. Mr. Meighen: There are always special cases.

The Acting Chairman: Speaking for myself, one of the difficulties is that there are establishments in small towns --- I am not referring to large companies --- whose employees have been protecting themselves by sick

they spend it. I would not like to answer your

question.

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whose employees have been protesting themselves in this

benefits provided by the company or by some associations or societies. Under this measure these employees will be told that notwithstanding the protection they have built up they will be compelled to pay into this Dominion fund. That will be a hardship on many of them.

Mr. Moore: There is no question that the Act will create difficulties in some directions. The introduction of any measure of this kind always does. In our trade unions we always have difficulty in increasing dues from which moneys come to pay benefits. There are people who already are hard pressed and who will look upon a further tax of 25 cents a week as a considerable imposition. Others who can afford to make the payment quite easily will nevertheless raise just as big a protest. But there will be some who take a forward view and realize that the protection is the important thing. I would be misleading this committee and myself if I were to argue that the measure will be acceptable to everybody.

The Acting Chairman: A union is an organization which people join voluntarily. But payments made under this Act will be compulsory. The law of the land will say to a man, "Although you consider yourself fully protected already, you must pay into this fund."

Hon. Mr. Griesbach: Would the law deprive him of the benefits from one source, or could he draw from both?

Mr. Moore: He could draw from both. The benefits are payable irrespective of needs. A man does not have to prove his need in order to receive benefit.

Hon. Mr. Dandurand: Although the basis of the Bill is the need to be met?

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Hon. Mr. Dandridge: Although the basis of the
Bill is the need to be met?

Mr. Moore: Yes, the general need, the community need. There was one point I omitted to cover, and that was the emphasis placed by some representatives of department stores upon the necessity of charging their contributions under this Act to the consumer. I am afraid that press reports might create a wrong impression in the public mind, might make people believe that the enactment of this measure will cause an immediate rise in the prices of everything they buy. I have no figures as to the turnover of these stores, but I do know that many retail clerks are paid a bonus on their ordinary wage when they sell goods to the extent of \$500 or over in a week. I think the average clerk is expected to turn over \$500 worth of goods or more in a week. Now when you come to distribute 25 cents over a considerable number of articles that have a total value of \$500, the amount per article will be very small.

Right Hon. Mr. Meighen: Not 25 cents but 50 cents.

Mr. Moore: The cost to the company will be 25 cents, because of cases like these that we find.

Right Hon. Mr. Meighen: The tendency will probably be to pay the employees a higher wage?

Mr. Moore: That will be slight. But I am afraid there is an impression that this tax of 25 cents a week will cause an immediate rise in the prices of goods to the public. But when 25 cents is spread over the volume of goods that a store clerk sells in a week, what effect can it have on the price of one article?

Mr. Moore: Yes, the general need, the common need. There was one point I omitted to cover, and that is the necessity of changing their contributions under this Act to the consumer. I am

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Right Hon. Mr. Meighen: Not 25 cents but 20 cents.
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Right Hon. Mr. Meighen: The company will probably

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the public, but when 25 cents is spread over the volume of goods that a store clerk sells in a week, what effect can it have on the price of one article?

The Acting Chairman: Some companies might take advantage of the situation.

Mr. Moore: Yes sir. But take a suit of clothes that sells for \$29 and one clerk sells a number of suits a week, how is the firm going to distribute the 25 cents that they pay for him among the prices of all the suits he sells? When that 25 cents is considered in proportion to the turnover it is insignificant.

The Acting Chairman: These are difficult times for doing business, and all these little expenses amount to a considerable sum in the aggregate.

Mr. Moore: The tendency has been for firms to establish benefit funds of their own will, and employees are eligible for benefits so long as they do not do anything which is considered detrimental to the company's interest. That means, so long as they do not organize. We know of people who have been let out after fifteen, twenty or twenty-five years of service, simply because they became members of unions, and the protection that they thought they had usually vanishes into thin air. It is because of cases like these that we think if a man cannot contribute to a voluntary fund as well as to a compulsory fund under this Bill, he should surrender his connection with the voluntary fund.

The Acting Chairman: I am going to vote for this Bill, and I am merely pointing out some of the difficulties that face us. Under some of the voluntary arrangements employees who make no contributions whatever will get more than they will get under this Dominion fund to which they contribute. I say this because I know of such cases. Some men have been with one establishment that I know of for sixty years, and they will remain there as long as they live. Now suppose an employer who has been looking

Mr. Moore: Yes sir. Just take a list of clothes

that sells for \$25 and one clerk sells a number of suits a week, how is the firm going to distribute the 25 cents that they pay for him among the prices of all the suits he sells? When that 25 cents is considered in proportion to the turnover it is insignificant.

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Now, are there now who will do that? I do not see any way of getting around it. I think there are.

Mr. Moore: I think there are very few. I after his employees pretty well says "Well, there is a statute now which takes care of my employees, and I do not have to do anything more than the statute says."

and company to pay less attention to safety. It has never worked out that way.

Right Hon. Mr. Macdonald: Have you read an article by Felix, a (F follows) and a very practical

Mr. Moore: Do you mean Felix Company or person?

Right Hon. Mr. Macdonald: He is a German in Sweden. He has been a laborer and a foreman the years, and has worked himself from the lowest class of labor into the confidence of the owner, and everything else. He has made a name for himself which gives a man a great measure of respect of his kind. He claims the owner should have more service. His conclusion is that it is a fatal

Mr. Moore: I have not read it, because I am not sure I can understand it, because it is on the basis of one opening: the contribution of employer and employee only as a percentage of the wage rule, and groups of earnings; and there was undoubtedly considerable abuse in the way of getting higher

Now, are there men who will do that? I do not see any way of getting around it. I think there are.

Mr. Moore: I think there are very few. I remember that when we were pressing for workmen's compensation we were always met with the argument that the enactment of such legislation would cause the company to pay less attention to safety. It has never worked out that way.

Right Hon. Mr. Meighen: Have you read an article by Hartz, a labour man, and a very prominent one, in Germany?

Mr. Moore: Do you mean Nazi Germany or pre-Nazi Germany?

Right Hon. Mr. Meighen: He is a German of to-day. He has been a labour man all through the years, and has worked himself from the lowest class of labour into the confidence of the unions, and everything else. He has written an article on the working-out of unemployment insurance in Germany which brings a man to a most discouraging state of mind. He claims the abuses under it have been terrific. His conclusion is that it is a total failure.

Mr. Moore: I have not read it, senator, but I can understand it, because it is on the basis we are opposing: the contribution of employer and employee only on a percentage of the wage rolls and groups of earnings; and there was undoubtedly considerable abuse in the way of getting higher

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Mr. Moore: I have not read it, senator, but I can understand it, because it is on the basis we are opposing: the contribution of employer and employee only on a percentage of the wage rolls and considerable abuse in the way of getting higher

benefits where men were put into higher classifications.

Right Hon. Mr. Meighen: He mentions that, but he also mentions many other abuses that would not be attributable to that system at all. They are legion. The Government, he says, found it utterly impossible to give a reasonably honest administration of the Act. There was unemployment by artifice, and all sorts of things, so that the more they increased the contribution the further they were in debt.

Mr. Moore: I can only say this. I sat in the Committee of the International Labour Organization which considered this last year. It was a very large committee on which governments, employers and workers from some thirty different countries which had Acts in effect were represented. While there was illimitable discussion of detail as to how it could be improved and strengthened, there was not one representative either of governments, employers or workers who ever hinted that he would consider a repeal of unemployment insurance.

Right Hon. Mr. Meighen: It is not in operation in Germany now.

Mr. Moore: Everything is suspended in Germany except dictatorship. Germany to-day is not normal by any means.

Right Hon. Mr. Meighen: Do you know of any other country in which it has been suspended? Is there unemployment insurance in Italy?

Mr. Moore: Oh, yes.

Right Hon. Mr. Meighen: And it is in operation?

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Right Hon. Mr. Meighan: Do you know of any other country in which it has been suspended? Is there unemployment insurance in Italy? ... Right Hon. Mr. Meighan: And it is in operation?

Mr. Moore: It is in operation in Italy.

Mr. Parent: There is just one question that I should like to ask. Have any steps been taken to try to secure unemployment policies from insurance companies rather than from the state? In other words, would it be correct to say that private insurance companies would be losing money under it?

Mr. Moore: I do not think any insurance company covers that to-day, and we have not sought it for the reason that we always have sought an extension of state insurance because we recognize that otherwise a very large percentage of the premiums would go towards business and high administration costs. Take as an illustration the situation in Great Britain prior to the workmen's compensation. They had to limit the administration cost to forty per cent. In Canada we operate at from 4- $\frac{1}{2}$ to 7 per cent. Knowing the manner in which states can operate insurance without the high cost of competitive agents, we thought this should never be to competitive companies.

Hon. Mr. Parent: In other words, it is fair to assume that the administration of this law is going to impose quite a burden on the country.

Mr. Moore: It is going to be a charge on the country.

Hon. Mr. Parent: You have no idea of what it will be, approximately?

Mr. Moore: I would not care to estimate it.

Right Hon. Mr. Meighen: Do you think it should be or could be kept within ten per cent?

Mr. Moore: I would not like to make any guess

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Right Hon. Mr. Meighen: Do you think it should

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Mr. Moore: I would not like to make any guess

at all. I think it should be.

Hon. Mr. Parent: I think we may assume from that that it will be twenty per cent.

Mr. Moore: In 1934 it was a little less than seven per cent in Great Britain.

Hon. Mr. Beaubien: How much did they spend at first? They must have spent a tremendous amount to establish the system.

Mr. Moore: I have not looked at the previous costs at all. Of course, we have part of the system established; we have the unemployment offices.

Right Hon. Mr. Meighen: They have been going on for years.

Mr. Moore: Yes. In Great Britain they had to begin and establish it as an entity.

The Acting Chairman: Is there anything further, gentlemen?

Thank you, Mr. Moore.

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Gentlemen?

MINUTES OF EVIDENCE

The Senate,

Thursday, April 4th, 1935.

The Standing Committee on Banking and Commerce to whom was referred Bill 8, intituled "An Act to establish an Employment and Social Insurance Commission to provide for a National Employment Service, for Insurance against Unemployment, for aid to Unemployed Persons, and for other forms of Social Insurance and Security, and for purposes related thereto," was reconvened this day at 11 a.m.

Honourable Mr. Black in the Chair.

The Chairman: Honourable members, Mr. R.K. Finlayson is here. Is it your pleasure to hear him?

Right Hon. Mr. Meighen: Mr. R.K. Finlayson has come here at the request of the committee to make a statement on the question of cost of the operation of this insurance scheme.

The Chairman: Is it the pleasure of the committee to hear Mr. Finlayson now?

Some Hon. Members : Yes.

R.K. Finlayson: Mr. Chairman and honourable members, I understand the reason I have been asked to appear before the committee is to deal with the question of costs. I asked Mr. Watson, the Chief Actuary of the Insurance Department, who prepared one of the actuarial reports which was tabled in the House, to prepare a short statement. He is here and may be asked any

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to whom was referred Bill 8, intituled "An Act to

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The Chairman: Honourable members, Mr. R.K.

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of costs. I asked Mr. Watson, the Chief Actuary of the

Insurance Department, who prepared one of the actuarial

reports which was tabled in the House, to prepare a

short statement. He is here and may be asked any

questions. I am sorry that I have only a few copies of the statement, but more may be made.

Right Hon. Mr. MEIGHEN: This is a statement showing the actuarial basis of the calculation?

MR FINLAYSON: No sir, this is a statement dealing with the costs of the scheme in Great Britain. It deals with the cost of administration. Perhaps I may read it now.

HON. MR. DANDURAND: It deals only with cost of administration?

MR FINLAYSON: IT covers cost of administration. In 1909 the Labour Exchange Act was passed in Great Britain, and the Unemployment Insurance Act was not passed until two years later. They separate, by some accounting basis, the cost of the administration of the Act from the cost of the Labour Exchanges, so that the cost of the Labour Exchanges is not included in these costs. I had a conversation yesterday with Sir Francis Flood, Secretary of the Department of Labour, who is most familiar with the British scheme, and I understood from him that the Labour Exchange cost is not very high. Just how high it is I do not know. However, it is not included in here.

Right Hon. Mr. MEIGHEN: And without the Labour Exchange cost, the lowest they have got it down to, according to this statement, is 7.2 per cent.

Mr. Finlayson: Yes.

Right Hon. Mr. Meighen: Mr. Tom Moore said it was under 7 per cent.

questions. I am sorry that I have only a few copies of the statement, but more may be made.

Will you, Mr. Speaker, give me a statement

showing the actual basis of the calculation?

MR. TIMMONS: No sir, this is a statement

dealing with the costs of the scheme in Great Britain.

may read it now.

HON. MR. DUNDAS: It deals only with cost of

administration.

MR. TIMMONS: It covers cost of administration.

In 1909 the Labour Exchange Act was passed in Great

Britain, and the Unemployment Insurance Act was not

passed until the year 1911, when it was passed.

Consequently, the cost of the Labour Exchange

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cost is not very high. Just how high it is I do not

know. However, it is not included in here.

Right Hon. Mr. MEIKEN: And without the

Labour Exchange cost, the total cost of the

scheme, according to the statement, is £12,000,000.

Mr. TIMMONS: Yes.

What is the cost of the Labour Exchange?

was under 7 per cent.

Mr. Finlayson: Yes. I can deal with that later. Mr. Moore phoned me and told me what report he referred to. I will deal with that after I am through with this statement. This is a memorandum re cost of administration of Unemployment Insurance in England.

(Insert memorandum re cost of administration of Unemployment Insurance in England.)

Mr. Winthrop: Yes. I can deal with that later. Mr. Moore phoned me and told me what report he submitted and I will deal with that after I am finished with this statement. This is a memorandum re cost of administration of Unemployment Insurance in England.

(I want memorandum re cost of administration of Unemployment Insurance in England.)

I might say, Mr. Chairman, that the reason advanced for the rise in cost in 1926-27 is that in 1925 Great Britain went back on the gold standard, and the deflationary effect of that act is shown both by the further claims for benefit, which add to the cost, and by the decrease in revenue. And with respect to the lower rates in 1932-33 and 1933-34, it will be remembered that in September 1931 Great Britain went off the gold standard. There is no doubt that the opposite effect was operating, in that there was more revenue coming in to the fund, there was more employment, and of course there were not so many claims to benefits, because a great many people had exhausted the right to benefit.

(B. follows)

I might say, Mr. Chairman, that the reason advanced for the rise in cost in 1936-37 is that in 1935 Great Britain went back on the gold standard, and the deflationary effect of that act is shown both by the further claims for benefits, which add to the cost, and by the decrease in revenue. And with respect to the lower rates in 1932-33 and 1933-34, it will be remembered that in September 1931 Great Britain went off the gold standard. There is no doubt that the opposite effect was operating, in that there was more revenue coming in to the fund, there was more employment, and of course there were not so many claims for benefits, because a great many people had exhausted the right to benefit.

(B. follows)

(Mr. Finlayson)

Before going on to the other statement I should like to deal with something that Mr. Moore presented to the Committee yesterday. He telephoned and gave me the reference which he used. He quoted from the Ministry of Labour Gazette of March, which gave the administration cost for the calendar year ending 1934. The figures which he gave are these. The income of the fund is £62,195,627, of which £59,744 represented the insurance contributions of employers, employed persons and the State. The expenditure was £49,778,442. That is really the figure which counts. It is made up of £40,000,000 for unemployment benefit, £3,939,000 for administration, £5,000,000 for debt service and £243,444 for minor items. It will be remembered the fund was in debt to the Treasury to the amount of £115,000,000 before the last Act was passed. That debt was funded at something like £105,000,000 --- I can give the exact figure later, if necessary --- but the Act of 1934 provided for the repayment of that fund. Now, of course if in these figures you take the cost of administration and the cost of the benefits paid, which constitute the normal operations of the Act, then you would not include that £5,000,000 over, which is a clean-up of former years. Mr. Moore in giving his percentage took the administration cost of the whole amount. If you would take the relationship to the benefits paid out plus administration cost, that is, a percentage of the whole thing, less the refund of the debt charge, it would be about 10 per cent. So it would not vary Very far from ours.

Before going on to the other statement I

should like to deal with something that Mr. Moore presented to the Committee yesterday. He telephoned and gave me the reference which he used. He quoted from the Ministry of Labour Gazette of March, which gave the administration cost for the calendar year ending 1934. The figures which he gave are these. The income of the fund is £22,122,627, of which £22,744,442, 778, 442. That is really the figure which counts. It is made up of £40,000,000 for unemployment benefit, £2,932,000 for administration, £2,000,000 for debt service and £242,444 for minor items. It will be remembered the fund was in debt to the Treasury to the amount of £115,000,000 before the last Act was passed. That debt was funded at something like £105,000,000 --- I can give the exact figure later, if necessary --- but the Act of 1934 provided for the repayment of that fund. Now, of course it is these figures you take the cost of administration and the cost of the benefits paid, which constitute the normal operations of the Act, then you would not include that £2,000,000 over, which is a clean-up of former years. Mr. Moore in giving his percentage took the administration cost of the whole amount. If you would take the relationship to the benefits paid out plus administration cost, that is, a percentage of the whole thing, less the refund of the debt charge, it would be about 10 per cent. So it would not vary

However, I do not criticize Mr. Moore at all in stating the case that way, because since we are giving the percentage of cost over the years it is probably fair to take the cost of the whole operation now even in returning that sum of money. Nevertheless, if you are to keep in mind, which is most important to the Canadian scheme, just the money necessary for the payment of certain benefits and the cost of administration, you would not get your cost as low as he stated. So even in the last year it would run-- of course, it came down to 7.6 before that.

Hon Mr. Sinclair: At the time when they had to refund that, did they increase the contributions or lower the benefits?

Mr. Finlayson: They did not, under the last Act they raised the benefits by 11 per cent, I think it was, and they also increased the contributions. But, of course, their ability to refund is merely due to the different conditions.

Hon Mr. Sinclair: They did not make a change so the debt would not continue to recur?

Mr. Finlayson: Their intention was to put the scheme on a basis which would carry itself and as well repay the debt.

Right Hon. Mr. Graham: To the State.

Mr. Finlayson: To the State. That was their intention. However, economic conditions may come in to upset any calculations.

Right Hon. Mr. Graham: They usually do.

Hon. Mr. Dandurand: They have come in.

Hon. Mr. Sinclair: But they did take action.

Mr. Finlayson: Yes. That is one of the

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Right Hon. Mr. Graham: To the state. Right Hon. Mr. Graham: They usually do. Yes, that is one of the

reasons why in the new Act they provide for an unemployment insurance statutory committee, an outside body whose business it is to be the watchdog of the fund. We have practically the same body in the Unemployment Advisory Committee.

Right Hon. Mr. MEIGHEN: Mr. Finlayson, you expect our percentage to run substantially higher?

Mr. Finlayson: Yes. I am not able to get anybody to state just what our percentage will be.

Hon. Mr. DANDURAND: Because of the vast area to be covered?

Mr. Finlayson: Yes, sir, and I should not think we could estimate in the first years under 15 per cent.

Hon Mr. MEIGHEN: And also we have to leave a big percentage out, which is going to add to our percentage seriously.

Mr. FINLAYSON: You mean not under the Bill?

Right Hon. Mr. MEIGHEN: Not under the Bill at all.

Mr. Finlayson: As the Bill now stands, on the basis of the 1931 census, having regard to unemployment in the years 1922 to 1930, out of some 2,600,000 in the Bill we have all but some 800,00 insured. The 800,000 not in the Bill includes farm labour.

Right Hon. Mr. MEIGHEN: I should like to have you make some statement on this. Are you taking this into consideration, that whereas in many industries we insure those under private management, we have because of legal limitations to leave out vast numbers of others, for example, Hydro --- probably the biggest

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employer in Canada? We insure telephone companies that are under private management, but we do not take in the telephone systems of the Government of Manitoba, Saskatchewan, Alberta, and possibly another province. Then as to street railways, we take in about half and leave out half; we leave Calgary out, Manitoba out, Winnipeg in, Toronto out, Montreal in. It is an awful hotch-potch from that standpoint.

Mr. FINLAYSON: I would say Hydro is in. We except altogether those employed by the Dominion in pursuance of the Civil Service Act. We except only those in the provincial Civil Service when a certificate is granted by a Minister that the employment is permanent; and the same with regard to municipal corporations.

Right Hon. Mr. MEIGHEN: Suppose the Minister does not grant a certificate?

Mr. Finlayson: We have nothing to do with it. We cannot make them pay. That is true so far as provincial employees are concerned.

Hon. Mr. GRIESBACH: Why cannot we make them pay?

Right Hon. Mr. MEIGHEN: How can we compel servants of the Provincial Governments to contribute to an unemployment scheme in Canada?

Right Hon. Mr. GRAHAM: We talk a good deal about the provinces consenting. The provinces cannot give away their rights.

Right Hon. Mr. MEIGHEN: They will not.

Right Hon. Mr. GRAHAM: They Cannot.

Right Hon. Mr. MEIGHEN: They could legislate of course to bring their own servants under this act.

Right Hon. Mr. Graham: But I was speaking generally. The provinces cannot give away any rights.

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Right Hon. Mr. GIESBACH: They cannot.

Right Hon. Mr. MEIGHAN: They could legislate

they have under the B.N.A. Act unless the Act is changed.

Right Hon. Mr. MEIGHEN: I admit that.

But supposing the Province of Ontario Legislates to the effect that every employee of the Province shall make the contributions provided for in this Statute of Canada, that Act of theirs is good.

Right Hon. Mr. GRAHAM: That is their legislation.

Mr. FINLAYSON: I would refer you to paragraph (1) of the second part of the first schedule;

Employment --

(i) in the public service of Canada pursuant to the provisions of the Civil Service Act; or

(ii) in the public service of Canada or of a province or by a municipal authority upon certification satisfactory to the Commission that the employment is, having regard to the normal practice of the employment, permanent in character.

Hon. Mr. GRIESBACH: That would permit a city to come in if it wanted to.

Right Hon. Mr. MEIGHEN: Not at all. That says we bring them in unless the city authorities certify that they are permanent. Suppose the city authorities just sit back and do nothing, do you think they are in?

Mr. FINLAYSON: Yes, sir.

Right Hon. Mr. MEIGHEN: What makes you think they are in --- because your act says so?

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Right Hon. Mr. McLELLAN: Not at all. That

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Right Hon. Mr. McLELLAN: What makes you think

Mr. Finlayson: The Act was presented to Parliament on the basis of the Dominion having the authority to collect these contributions from anybody in Canada.

Right Hon. Mr. MEIGHEN: Including Provincial employees?

Mr. FINLAYSON: Any employees in Canada.

Right Hon. Mr. MEIGHEN: Have you an opinion of the Justice Department on that?

Mr. FINLAYSON: Yes, Sir.

Right Hon. Mr. MEIGHEN: Have you their opinion that we can in this blanket insurance Bill compel the Province of Ontario or the Province of Quebec to buy stamps from us and stamp the books of their employees?

Mr. FINLAYSON: The opinion is we could have done it but for the fact that we have placed in Part I of the schedule this provision, which makes all the difference. We placed it there, not because we thought it could not be done, but because we thought---

Right Hon. Mr. MEIGHEN: I understand you did not think it wise unless they would certify. But you say you have an opinion from the Justice Department that we can by this statute compel the governments of Quebec, Ontario and Manitoba to buy stamps and fix them to the employment books of their civil servants?

Hon. Mr. DANDURAND: And contribute themselves?

Right Hon. Mr. MEIGHEN: Yes.

Mr. FINLAYSON: The statement which the Prime Minister gave to the House on the second reading of the Bill, based on the opinion of the law officers in the Justice Department, is to the effect that this is a revenue measure. That it is a measure which provides for the levying of a certain sum of money, call it a

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tax, on everybody covered by the Bill, and that it provides for collecting the tax as taxes are collected. In other words, you can make the employer pay his employee's tax.

Right Hon. Mr. MEIGHEN: Can we tax the Provincial Governments?

Mr. FINLAYSON: Tax Provincial Governments?

Right Hon. Mr. MEIGHEN: Yes. Does the Justice Department say that by virtue of this Bill we can tax Provincial Governments?

Mr. Finlayson: No.

Right Hon. Mr. Meighen: That is exactly the point we are raising. Or can we compel them to levy on the employees?

Mr. FINLAYSON: So far as taxing the employer is concerned, I would say you cannot tax the Crown.

Right Hon. Mr. MEIGHEN: Very good. Then all your theory is upset at once. That is exactly what I have been arguing, Mr. Finlayson, that in respect of the employees of Provincial Governments--we will keep to them first; the municipalities can be dealt with next-- your Bill cannot have effective application, you say, unless they certify the employee is permanent; if they sit back and do nothing, your Bill cannot have effective application to them.

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MR. FINLAYSON: In any event we have put in the Bill, in the first schedule, Part 1, (b) "employment under any province of Canada with the concurrence of the province." So the province has to concur, as the Act is drafted, before a contribution can be levied against its employees.

Right Hon. Mr. MEIGHEN: There is a method by which they can concur, no doubt about that.

Mr. FINLAYSON: I must confess, Senator Meighen, that the point you have raised, the taxing of the Crown, is one that I had not discussed. However, as the Bill stands now, the concurrence of the province is necessary. There is no doubt about the opinion given of the right of the Dominion to impose this tax on anybody throughout the country.

Right Hon. Mr. Meighen: Anybody but the Crown.

Mr. FINLAYSON: Yes. If the Employer is the Crown, that is different.

Right Hon. Mr. GRAHAM: A province can consent to have its employees taxed.

Mr. FINLAYSON: Yes.

Right Hon. Mr. Graham: But a province need not pay its share, if it does not want to.

Mr. FINLAYSON: Well, of course, that will be a case of administration. If a province does not agree to pay on the basis of other employers, I think it would be a case for the Commission to say whether or not that province would have its employees in at all.

Right Hon. Mr. MEIGHEN: The Bill has to be so framed as to contemplate further action on the part of

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Right Hon. Mr. McMillan: The Bill has to be so
framed as to contemplate further action on the part of

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Mr. Finlayson: Yes.

Hon. Mr. Griesbach: In so far as certain of their employees are concerned. There are employees engaged in what is known as municipal trading---

Right Hon. Mr. MEIGHEN: Employees of a provincial government are all in one group.

Hon. Mr. GRIESBACH: Not the industrial employees. There is what is known as municipal trading, such as telephone operations, street railways and so on.

Right Hon. Mr. MEIGHEN: If they are employees of a government they are civil servants.

Hon Mr. MURDOCK: What about the T. & N.O.?

Right Hon. Mr. MEIGHEN: I understand that is not a corporation; I think it is simply run under the Government, although I am not sure.

Hon. Mr. Cote: The managing board is a body corporate, but not the undertaking itself.

Right Hon. Mr. MEIGHEN: Let us come to the next class, municipal employees. Is it the intention that the Bill shall apply to, say, the street railway in Toronto?

Mr. Finlayson: Well, the street railway in Toronto, I figure, is a public corporation.

Right Hon. Mr. MEIGHEN: It is owned by the city. Is it your intention that the Bill shall apply there and that the city shall contribute?

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Right Hon. Mr. McMillan: It is owned by the city. Is it your intention that the Bill shall apply there and that the city shall contribute?

Mr. Finlayson: Yes.

Hon. Mr. DANDURAND: And would the whole staff of the municipality of Toronto come under the Bill, and the municipality be obliged to pay its share?

Mr. Finlayson: Yes, Senator Dandurand, subject to the exemption as stated in the Schedule, Part II; "Employment in the public service of Canada or of a province or by a municipal authority upon certification satisfactory to the Commission that the employment is, having regard to the normal practice of the employment, permanent in character." So if the municipality gave that certificate in connection with any employees, those employees would be exempt. But I cannot see how they could do it in connection with a street railway.

Right Hon. Mr. Meighen: That is to say, you compel the city of Toronto either to certify to the permanent character of employment or to contribute to this fund?

Mr. Finlayson: Yes.

Right Hon. Mr. MEIGHEN: I would not like to express an opinion at once. You assume in the case of all municipalities throughout this Dominion that they have to come in, and they are forced to come in, under this Bill, in respect of their employees in general, and they can get an employee out only by certifying that his employment is permanent?

Mr. FINLAYSON: Yes sir.

Hon Mr. GRIEBBACH: The Bill would cover employees in what is called municipal trading, like street railway, electric light or telephone work, that is enterprises in competition with other businesses elsewhere. But the Bill would not apply to the civil

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Right hon. Mr. Selph: That is to say, you
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Mr. Thompson: Yes.

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Mr. Thompson: Yes sir.

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servants of a city?

Mr. FINLAYSON: No. I would regard a street railway, though, as a corporation.

Right Hon. Mr. MEIGHEN: You may be right. The Toronto Transportation Commission is a body corporate and probably could be brought under the Bill. But the Bill also says that the direct employees of a municipality are brought within the scheme and cannot be exempted unless the municipality certifies to the satisfaction of the committee that the employment of such employees is permanent.

Mr. FINLAYSON: That is correct. I think the effect of it will be that the municipalities and the provinces will be more inclined to make their employment permanent.

Mr. W.F. O'CONNOR: A municipality is a corporation.

Mr. FINLAYSON: Yes.

Right Hon. Mr. MEIGHEN: I have not said that you cannot make the municipalities contribute, but I do say you cannot make the provinces contribute.

The CHAIRMAN: Is the situation with respect to municipalities in Great Britain not similar? How do they take care of that situation?

Mr. FINLAYSON: All I know is that in their Act they have a similar exemption applying to the municipalities.

Hon. Mr. DANDURAND: How do they describe a permanent employee, as one who is engaged by the year?

Mr. FINLAYSON: It is pretty much the same as stated in this Bill, Senator Dandurand. Exemption is granted upon certification satisfactory to the

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Commission that the employment is, having regard to the normal practice of the employment, permanent in character. Of course as to clerks or others who are on a yearly basis, I should say they all would be certified as exempt.

Right Hon. Mr. MEIGHEN: How do you justify this? Take the municipality of Brantford, for example, and suppose it certifies that, having regard to the character of the employment, so and so is a permanent employee. That person is exempted and the municipality does not have to contribute in respect of him. But you would not take a similar certificate from the T. Eaton Co. with respect to an employee who has, let us say, twenty years of permanent employment behind him. You say that you must assess all companies generally, in order to build up your fund, so the permanent employees have to contribute to help the non-permanent. Why does not the same rule apply to municipal employees?

Mr. FINLAYSON: If you exempted the T. Eaton Company, without exempting the whole retail trade, it would be like exempting the city of Toronto and refusing to exempt rural municipalities.

Right Hon. Mr. MEIGHEN: I quite agree. But does not the same principle apply to the municipality?

Mr. FINLAYSON: Throughout the Bill the principle is not recognized of allowing any part of an industry, any part of a trade, or anyone of a given number of unions in a trade, or an organization, to be exempted.

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Right Hon. Mr. MEIGHEN: Except municipal services. The municipality of Edmonton, for example, can take out practically all its street railway employees, but Winnipeg cannot do that; the Municipality of Calgary can do the same thing, but Montreal cannot.

Hon. Mr. GRIESBACH: Can you not draw a distinction between trade and administration? For example, a municipality has certain employees engaged in administration, and others engaged in what is known as municipal trading, that is water works, electric lighting, telephone operations, street railways, and so on. The reason you put these municipal trading employees in a separate class is that they are in competition with private industry elsewhere.

Right Hon. Mr. Meighen: The Bill does not put them in a separate class.

Hon. Mr. GRIESBACH: I think it should. I can see how the employees of a municipality, who may be described as civil servants, are in exactly the same class as civil servants of a provincial government; but they are not in the same class as employees in a telephone service operated by a provincial government, for they are the same as the employees of the Bell Telephone Company.

Right Hon. Mr. MEIGHEN: If your Bill is valid in this respect -- I am not at all challenging it now-- you can say to a municipality that you will not take its certificate in respect of employees in the classes to which Senator Griesbach has referred, that is telephone and street railway employees, and so on, but

Right Hon. Mr. McNICOLL: Except municipal services. The municipality of Edmonton, for example,

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that you will take certificates only in respect of what are ordinarily known as civil servants.

Mr. FINLAYSON: I am afraid when the question was first asked I did not catch the significance of it. If the effect is to exempt the street railway service of Calgary and Toronto, because those are public as distinct from private enterprises, I think it would be most unfair.

Right Hon. Mr. MEIGHEN: I want to get clear on that, because we are having protests on it. They could be considered in under the present Bill, but only on the assumption that your Commission is going to refuse to accept the certificate of the municipalities in respect of all these street railway and telephone employees, and so on.

Mr. FINLAYSON: Yes sir.

Hon. Mr. GRIESBACH: You would have to go a bit further and have it cover the whole of what is known as municipal trading.

Right Hon. Mr. MEIGHEN: Will the Bill not have to be altered in respect of the provincial governments? The Bill is based on the assumption that unless the provincial governments undertake to certify to the permanency of employment, they will have to pay into the fund.

Mr. FINLAYSON: Would it meet your purposes if I went back to the law officers and discussed that point which you raised, and then came back?

Right Hon. Mr. MEIGHEN: I wish you would.

The CHAIRMAN: I am sorry that I was unable to be here for the last two sessions. I may have missed something. Why is there an exemption for the banks

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The CHAIRMAN: I am sorry that I was unable to

be here for the last two sessions. I may have missed
something. Why is there an exemption for the banks

and financial institutions? The reason I ask that is that I have a statement here from the Bell telephone Company, to be used in case their vice-president does not appear. They make this claim, which I am satisfied is correct, that the number of permanent employees in a company like the Bell telephone Company is very much greater than in banks and financial institutions, and that the number of temporary employees is very much smaller. Are these same classes exempt in the British Act?

(D follows)

and financial institutions? The reason I ask that is
that I have a statement that says that the
Department, as it says in that statement, has
and report. That was the first time I saw it.
In answer, that the number of the report is 10
report after the first statement. In the first
case in banks and financial institutions, and that
of property reports is not the same. The
and the same thing in the same way.

(2 follows)

Mr. Finlayson: I will give you that.

The CHAIRMAN: Are those same classes exempt in the British Act?

Mr. FINLAYSON: Under the British Act they provide for contracting out of special schemes. The insurance companies and the banks set up special schemes of their own. The Royal Commission which went into the matter decided that it was unwise to have special schemes set up, but inasmuch as the Act provided for special schemes and in good faith companies had undertaken them, they recommended that they be not disturbed.

The CHAIRMAN: That is the British Act?

Mr. FINLAYSON: Yes, I am speaking of the report of the Royal Commission. In so far as banks and insurance companies are concerned, the Royal Commission expressed the opinion that since there was very little unemployment in banks and insurance companies, even through the years of depression -- I should say that the years they were dealing with were from 1920 to 1930, some of the difficult years -- They should not be brought in, for two reasons: in the first place, it is unfair to levy a charge against them for which they are bound not to get any considerable benefit. in the second place, if you do bring them in the tendency will be for them to let out employees in times of depression, and so contribute to unemployment.

Right Hon. Mr. MEIGHEN: Both reasons apply to the retail trade with tremendous force.

Mr. FINLAYSON: I am coming to that, sir. We considered that the case of banks and insurance companies a marginal case, whether or not they should come in or be taken out, what I might term a border-line case.

Mr. TIMMAYSON: I will give you that.

The CHAIRMAN: Are those same classes

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I suppose in this country branch banks are more likely to be closed up than in the Old Country. If you ask whether the banks and insurance companies should be excluded--I would not take the retail trade--

The CHAIRMAN: Take the Bell Telephone Company.

Mr. FINLAYSON: I would say there is no particular--

Right Hon. Mr. MEIGHEN: Difference?

Mr. FINLAYSON: There is no particular difference. I might express my own opinion.

Right Hon. Mr. MEIGHEN: You have studied it a lot, I see.

Mr. FINLAYSON: My own opinion, having regard to all the discussions I have had, if I may express it, is that the banks and insurance companies might be brought in.

Hon. Mr. DANDURAND: Or if not, the Bell Telephone Company and other such institutions might be left out on the same principle?

Mr. Finlayson: Except it has to be remembered in this country that if we adopt the principle of letting out the fellows who are able to pay the government will be left--

Right Hon. Mr. MEIGHEN: Holding the bag.

Mr. FINLAYSON: Holding the bag, yes, with all the flotsam and jetsam of employment probably on its hands.

Right Hon. Mr. MEIGHEN: If you saw fit to include banks and insurance companies, a large group, do you think it would be safe to reduce the contributions?

Mr. FINLAYSON: I would say--Mr. Watson is here. He shakes his head.

Right Hon. Mr. MEIGHEN: In the negative. I see.

I suppose in this country there is no such thing as a free lunch. It is not a question of whether the banks and insurance companies should be...
The CHAIRMAN: Take the Bell Telephone

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Right Hon. Mr. McLENNAN: In the negative, I see.

Mr. Finlayson: Although if you let out the retail trade and some of the others you might have to raise the contribution.

Right Hon. Mr. MEIGHEN: You surely would.

The CHAIRMAN: Going a little further, the provision for pension and insurance in certain telephone companies is more definite and complete than it is in the banks and insurance companies of Canada. The nature of employment in telephone companies is certainly more permanent than in insurance companies. So why do you exempt one and include the other?

Mr. Finlayson: The telephone companies had not occurred to me, to be perfectly frank. I do not suppose that in the telephone service there is likely to be a cutting down which will cause very great unemployment. Of course, it has to be remembered that if people have permanent employment, say over five years, and anything should happen to let them out of their employment, they have earned a year's benefit, which is over \$300, or \$6 a week, which is a substantial amount of money.

Hon. Mr. GREISBAHC: I should think the telephone business must be one of the most vulnerable in the country. The manual operating systems are twenty years behind the automatic, and if the telephone companies instal the automatic--we all know why they do not--that would put a whole lot of people out of employment.

The CHAIRMAN: Yet the records show that it is the most permanent of any kind of employment in Canada.

Hon. Mr. Griesbach: Yes, because of the monopoly they have; they do not install this improved system.

Hon. Mr. DANDURAND: May I ask you this question,

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Hon. Mr. McLENNAN: I should think the telephone business must be one of the most untransferable in the country. The whole business is behind the telephone companies in fact the automatic--we all know why they do not--that would put a whole lot of people out of employment.

THE CHAIRMAN: The question now is that if the telephone companies are to be included in the list of companies to be considered for the purpose of the Bill.

Mr. McLENNAN: Yes, because of the fact that the telephone companies are the only ones who are not included in the list of companies to be considered for the purpose of the Bill.

Hon. Mr. McLENNAN: May I ask you this question.

Mr. Finlayson. The Canadian Pacific Railway and the Canadian National Railways say that if the clerical staffs of the banks and insurance companies are left out, why should not their clerical staffs also be exempted, for the employment is just as permanent. They say that even during the depression they were obliged to retain their staffs. They claim they are on absolutely the same footing as the banks and insurance companies as regards permanency of employment. If you exempted them and the clerical staffs of other large employers, how far would you extend exemption of clerical workers?

Mr. Finlayson: I think, sir, the governing principle lies behind, that having regard to the discussions we have heard on the railway problem and all the factors that are entering into transportation, we have got to anticipate the possibilities of development that will leave large numbers, both clerical and otherwise, unemployed; whereas in our banks the financial institutions you cannot anticipate such developments, for they are bound to grow in their services.

Right Hon. Mr. MEIGHEN: There is no permanency, of course, to anything. Take banks, with the advent of the automobile and improved roads branch bank after branch bank is being closed. I know one particular town where there used to be five branches, today there are three. The banks have closed branches all over the country, and that is going to continue with every merger. I should say between the two the more precarious employment is between ~~as between~~ railways and banks is banks.

Mr. FINLAYSON: My disposition, as I have

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 Mr. Finlayson: I am sorry, sir, but

said, would be to bring the banks in.

Right Hon. Mr. MEIGHEN: Yes?

Mr. FINLAYSON: On the question of clerical employees, the British Act provides for exemption of clerical employees drawing salaries up to £250. The Royal Commission thought that should be £350, but they said that since in the Health Act as well as in the Insurance Act it was at £250, they did not recommend a change.

The CHAIRMAN: Our exemption is \$2,000.

Right Hon. Mr. MEIGHEN: Yes. I should be rather inclined--though it is opposed by others here, especially by Senator Murdock--to reduce the \$2,000 exemption and make it \$1,800 for the commencement of this great plan. What do you say to that?

Mr. FINLAYSON: I certainly see no objection to making it \$1,800. However, I do not feel that my opinion is worth very much. I was responsible for naming that figure. The recommendation of the Royal Commission in England was £350, which would be about \$1,750.

Right Hon. Mr. MEIGHEN: They have been in operation a long time in England. We have yet to encounter the rocks. We should be a lot safer if we lowered ours a little. Then we should be taking care of the more necessitous cases certainly.

Right Hon. Mr. GRAHAM: On the other hand, the fellow with the low salary will be very sore at having to meet another assessment.

Right Hon. Mr. MEIGHEN: He is going to get a lot out of it.

Right Hon. Mr. GRAHAM: He will have to drop the better one in order to get this.

The CHAIRMAN: The British figure is £350?

Mr. FINLAYSON: It is £250 in England. The

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Right Hon. Mr. MELBURN: Yes.

Mr. TINKAYSON: The exemption is \$2,000.

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Mr. TINKAYSON: It is £250 in England. The

Royal Commission expressed the opinion that it be raised to £350.

Right Hon. Mr. MEIGHEN: Even £350 is a good deal less than our \$2,000.

Mr. FINLAYSON: Yes, the salaries are higher. I see no objection to making it \$1,800.

The CHAIRMAN: Or \$1,500?

Mr. FINLAYSON: I should not like to go that far. I can just give the considerations that entered into the arriving at this figure.

Hon. Mr. SINCLAIR: Have you made any estimate of what the insured population of Canada would be under the Bill as now drafted?

Mr. FINLAYSON: Yes. If the Bill had been operating between 1922 and 1930 on the basis of the 1931 census, the insured total would be about 1,701,000 odd. I can give the exact figure; it is in the House of Commons Hansard.

Right Hon. Mr. MEIGHEN: That figure represents all who would be insured?

Mr. Finlayson: That is, if the Act had been operating from 1922 to 1930.

Right Hon. Mr. Meighen: What percentage is that of our population compared with the British percentage of insured?

Mr. Finlayson: The British percentage now insured--do you mean including special schemes?

Right Hon. Mr. MEIGHEN: No, under their Act.

Mr. Finlayson: Their Act provides for special schemes.

Right Hon. Mr. MEIGHEN: I mean that the act to which their revenue applies.

Mr. Finlayson: I do not know. Mr. Watson,

Royal Commission expressed the opinion that it be raised to \$350.

Right Hon. Mr. McLENNAN: Even \$350 is a

very small sum for \$2,000.

Mr. TIMMAYSON: Yes, the salaries are higher.

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Right Hon. Mr. McLENNAN: What percentage is that

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Mr. TIMMAYSON: Their act provides for special

Mr. TIMMAYSON: I do not know. Mr. Watson,

have you got that figure?

Mr. Watson: I cannot say what the percentage would be, but ours must be pretty well up to theirs.

Hon. Mr. Ballantyne: What do you estimate this will cost Canada?

Mr. FINLAYSON: I am coming to that.

Sir George Perley, Acting Prime Minister, read a statement in the House of Commons which was prepared by Mr. Bland.

Hon. Mr. Greisbach: What is the date of that Hansard?

Mr. Finlayson: House of Commons Hansard No. 36 of March 7th, page 1623.

Hon. Mr. Dandurand: I gave those figures in the Senate.

Mr. Finlayson; Yes. We can put in the figures.

Right Hon. Mr. Meighen; I do not think we need them in the record.

Hon. Mr. Dandurand; I gave this totals for the staff and the cost as stated by Sir George Perley.

Mr. Finlayson; It is slightly under \$7,000,000.

Hon. Mr. Dandurand; With a staff of 3,800.

Mr. Finlayson; Yes, that is permanent and non-permanent.

The Chairman; That is likely to grow, I suppose, Mr. Finlayson?

Mr. Finlayson; The staff?

The Chairman; Yes; and the cost.

Mr. Finlayson; Of course, you can see from what I have read here as the Act gets well into

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Mr. Finlayson: House of Commons measure

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operation the percentage cost should be less. I do not know that it should increase. I think the first year would likely be heavier.

The CHAIRMAN, I hope so.

Right Hon. Mr. MEIGHEN; We have to include our labour exchanges too.

Mr. FINLAYSON; Yes, the labour exchanges for the first year or two will be the all-important consideration.

The Chairman: If the banks, insurance companies and financial institutions were taken in, and the salary figure lowered to \$1,800 or \$1,750 or \$1,500, I suppose it would not affect the Act in any case because the percentage of people who are getting more than \$1,800 is comparatively small.

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Mr. FINLAYSON: Of course all manual workers are in, no matter if they are getting over \$2,000. The limit of \$2,000 applies only to clerical workers.

Right Hon. Mr. MEIGHAN: That is to say, if any engineer who works with his hands, and who may also be working with his head, earns \$2,000, you say to him in effect; "You do not need to save. We will take care of you."

Mr. FINLAYSON: Of course he should save too, because the benefits provided in the Bill are pretty small for a man who is drawing \$2,600 a year. The benefits are designed to take care of the lower paid workers.

Right Hon. Mr. MEIGHAN: Why distinguish between the clerical and non-clerical workers?

Mr. FINLAYSON: The only reason I can see is that the manual worker is more likely to get out of employment. If the clerical worker loses a job he can more readily get into something else, such as selling insurance.

Hon Mr. FOSTER: You eliminate from the scope of the Bill certain groups or classes whose employment is secure. But that weakens the fund. The principle underlying insurance is that the good risks take care of the bad ones. Now if you exempt large numbers of people in steady employment and cover only those who are likely to be unemployed, that will be done at the expense of the fund.

Mr. FINLAYSON: That is true, especially in regard to financial institutions.

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Mr. FINLAYSON: That is true, especially in regard to financial institutions.

Hon. Mr. FOSTER: I cannot see the reason.

Mr. Finlayson: It is a matter of drawing a practical line. After all, the people you want to bring in under the Bill are those who are liable to unemployment. And of course if the banks were almost wholly exempt from the possibilities of unemployment, you could hardly justify bringing them in.

Right hon. Mr. MEIGHEN: Might not the principle that Senator Foster has stated be expressed in this way, that the idea is to spread the burden of unemployment over the whole employing and employed classes?

Mr. FINLAYSON, Yes.

Right Hon. Mr. MEIGHEN: If that is the principle, then even a class whose employment is absolutely secure would not be exempt, but it should contribute the same as others?

Mr. Finlayson: I suppose you would drive that principle to the point, though that it would be better to give effect to it by putting a general tax on the whole community.

Right Hon. Mr. MEIGHEN: No, Because you are dealing only with employers and employees. Those who are not in one class or the other do not come in.

Hon. Mr. DANDURAND; But a great number of people have a sense of public or humanitarian duty, a desire to help others who may be in need. So should not everybody be brought in?

Right Hon. Mr. MEIGHEN; Farmers cannot be brought in.

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Right Hon. Mr. McLENNAN: Farmers cannot be

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Mr. FINLAYSON: The administrative difficulties are paramount in the reason for leaving out farmers, fisherman and loggers.

Hon. Mr. GRIESBACH: You could not put a farmer in, anyway.

The CHAIRMAN: Well, the farm labourer needs the protection of the Bill more than anyone else.

Right Hon. Mr. MEIGHEN: Yes. He gets about the worst deal of all. If it were possible to include the farm labourer, that should be done.

Hon. Mr. Cote: Would it be well to ask Mr. Finlayson to go over the list of exemptions and give the reason in each case?

Right Hon. Mr. MEIGHEN: He has pretty well done that.

The CHAIRMAN: I have here a communication from the Canadian Wholesale Grocers' Association. When the representatives of the retail stores were here, I asked the gentleman from the T. Eaton Co. if he did not think that employment in the wholesale grocery and dry goods trades was among the most permanent classes of employment and he thought it was. The Canadian Wholesale Grocers' Association apply to have wholesale grocers exempted from the provisions of this Bill, and they give these reasons:

1. There is no seasonable period, that causes any change in the number of employees engaged by the wholesale grocery trade, the number remaining constant throughout the year.
2. Therefore it should not be subjected to the same rate of insurance as that of manufacturers and others, who employ a large number of employees for a limited time, while making up seasons requirements, then dismiss them and close down.
3. That the practice is and has been to pay employees when they are absent through sickness.

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employment in the State, and that they should be
exempted from the provisions of this Bill, and they give
these reasons:

1. That it is an essential part of their business to
change to the hands of employees who are not
wholesale buyers, and who are not engaged in
the same kind of work as the retail stores.
2. That it is essential that they be exempted from the
provisions of the Bill, as they are not engaged in
the same kind of work as the retail stores, and
that they are not engaged in the same kind of work
as the retail stores.
3. That the practice is and has been to pay
employees when they are absent through sickness.

4. That the hazard of unemployment is absent.
5. That the rate should not be the same where the average earning power is not as high as in many lines of mechanical employment where through greater skill, higher returns are possible, resulting in their (wholesale grocers) contributing to higher paid employees in other lines of endeavor.
6. That the risks of employees of wholesale grocery firms are of the lowest.

Right Hon. Mr. Meighen; Probably all true, but not a reason.

The CHAIRMAN: Well, it is a reason if there is a reason for the exemption of financial institutions. If there is no reason in this case there is no reason for exempting the financial institutions.

Mr. FINLAYSON: I would say that no industry will profit more from the giving of stability to employment than the wholesale and the retail trades. If the effect of insurance will be to give in times of depression more purchasing power to people than they would have without the insurance, then those whose business it is to handle groceries will get the most benefit from the insurance. Financial institutions get it both ways, and so do lawyers. You have to do business with banks, no matter how the affairs of the country are going. But the wholesale grocers, the wholesale trade generally, as well as the retail trade, will reap most benefit as an industry from the stability of employment that will accrue as a result of this measure.

The CHAIRMAN: Will they reap any more benefit than the insurance companies and the banks?

Right Hon. Mr. MEIGHEN: Mr. Finlayson does not agree strongly for exempting them.

Hon. Mr. GORDON: Mr. Chairman, may I revert to what was stated a while ago as a reason why the banks should be covered by this Bill, namely that they will be closing branches. I assume that the person who suggested that reason was thinking of the effect of the new bank, the Bank of Canada, and feeling that it might result in the closing of some branches of other banks. Now, if any branches are closed they will remain closed permanently, they will not be opened up again in a year or so. So why should those bank employees be taken in? If they are out of employment permanently, the fund will not be able to take care of them.

Right Hon. Mr. MEIGHEN: You certainly cannot leave out the fellow who is going to suffer most. You must extend to him at least the same benefit as you extend to the fellow who suffers the least.

Hon. Mr. GORDON: I should like to refer to one other point. There appears to be a little difficulty in satisfying some people as to whether the maximum should not be less than \$2,000. I see no reason why it should not be a great deal less, because hundreds of thousands of employees who will be insured will be earning much less than \$1,500--indeed, I suppose hundreds of thousands will not be earning \$1,000. Therefore I say the limit should be reduced to \$1,500 at the outside, and I would not be

Right Hon. Mr. Gordon: The Government has
 been very anxious to see that the

For Mr. Gordon, Mr. Gordon, now I repeat
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 earning \$1,000. Now, if I say that I would not be
 insured at \$1,500 at the outside, and I would not be

annoyed if it were reduced to less than that. Someone has said that the man who is getting less than \$2,000 may not be in a position to pay his contributions. That seems to me ridiculous, when the scheme will be contributed to by many hundreds of thousands who are getting less than that.

Right Hon. Mr. MEIGHEN: Mr. Finlayson, would you favour contracting out in Canada, allowing a company to take care of its own employees?

Mr. FINLAYSON: No sir. I am afraid if we did that all the good concerns would naturally take advantage of it and the Government would be left with all the feeble ones.

Hon. Mr. DANDURAND: I see that by clause 15 the Commission is empowered to contract out classes that come under the Act, and contract in any persons employed in excepted employment.

Mr. FINLAYSON: That is restricted to cases where anomalies would arise. For example, in the schedules, Part II (c), employment in lumbering and logging, exclusive of the saw mill, planing mill and shingle mill industries is excepted. Now, it has been suggested that the saw mill, the planing mill and the shingle mill industries will take in the whole lumbering and logging business. That will be a matter of interpretation. I am not expressing an opinion. But if you find in a case like that, on the legal interpretation, that the line is drawn so that by all the facts,

That seems to me ridiculous, when the scheme will be contributed to by many hundreds of thousands who are getting less than that.

Right Hon. Mr. McMillan: Mr. Timmison, would

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tion, that the line is drawn so that by all the facts,

of the case, people who are left out under the Act should be brought in, that is a case of an anomaly; and it is only to overcome such a case as that that this power is given.

Hon. Mr. GORDON: Do you think this scheme can be worked out in connection with saw mills?

Mr. Finlayson: I say that it can be worked out in any case where the employment is of such a nature that you are in a position to see that the contributions are made and to check the records of the employer.

(F follows)

It is not, however, the fact that a case should be brought in, that is a case of an anomaly; and it is only to overcome such a case as that that this power is given.

Hon. Mr. Gordon: Do you think this scheme can be carried out? It is not a scheme, but a matter of fact. It is not a matter of fact, but a matter of fact. In any case where the employment is of such a nature that you are in a position to see that the contributions are made and to check the records of the employer.

THE SECRETARY

Hon. Mr. GORDON: When you talk about saw-mills, does your mind go in this direction, do you think it is an operation that is carried on all the year round? Saw-mills are operated only from four to six months in the season. How can you apply the Act to that condition?

Mr. FINLAYSON: The limitation of the exception was effected in Committee of the House of Commons. As that originally read the whole lumbering and logging industry was out, but it was represented by certain members of Parliament in whose constituencies the lumbering business was carried on that it was in many cases permanent in character.

Hon. Mr. GORDON: You must remember it depends upon where the operation is carried on. In British Columbia, for instance, some saw-mills do work all the year round; but in Ontario and Quebec they work only a few months.

Mr. FINLAYSON: There is another clause in the Act which helps save that situation. If a man is working ~~at~~ half or less than half a year, that is, if he is seasonal, he is entitled to exemption, because this exemption clause says his employment does not extend beyond twenty-four weeks in the year. Probably he would not get his forty weeks. When a man comes up for benefit he has to have forty weeks in the previous two years before he can qualify. That secures reasonable regularity of his employment. If his employment is such that he is not likely to be able to do that, he had better get exemption from the scheme, and that he can do.

Hon. Mr. GORDON: No saw-mills in Ontario work that length of time.

Mr. FINLAYSON: The qualification is forty weeks,

Mr. W. H. GORDON: Now you talk about

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Hon. Mr. GORDON: No saw-mills in Ontario work

in respect of which he must contribute over two years.

Hon. Mr. GORDON: That is about ten months.

I do not think the average operations would run that length of time.

The CHAIRMAN: That would mean about five months to the year.

Hon Mr. Gordon: Yes.

Hon. Mr. DANDURAND: Among the excepted employments you have drawn out attention to the fact that lumbering and logging are excepted, but not saw-mills, planing mills, and shingle mills, and the reason given is that the employment in this industry is fairly steady.

Mr. FINLAYSON: It was represented at least that as far as the shingle and planing mill industries are concerned, especially in British Columbia and Quebec, they were reasonably permanent.

Right Hon. Mr. MEIGHEN: That is not a reason for exempting them.

Mr. FINLAYSON: That brings them in, Senator Meighen.

The CHAIRMAN: Mr. Finlayson, in New Brunswick and Nova Scotia practically 70 per cent of the long lumber is manufactured by small portable mills that operate four, five or six months a year. They move from place to place, and they do not have the same employees. They may have a permanent sawyer, engineer and fireman, but their other employees they pick up at the next place they go to. It seems to me if they are brought within the Act you may have a large number of persons receiving unemployment benefit who should not receive it. A lot of those men will say: "I will work with Mr. Kay for eight or ten weeks, then I will lay off and get my \$6 a week for the rest of the year."

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Hon Mr. Gordon: Yes.

Hon. Mr. DAWSON: Among the expected

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Mr. FINLAYSON. You are afraid there would be a raid on the fund?

The CHAIRMAN: It would open the gate there.

Mr. FINLAYSON: Mr. Watson has just drawn my attention to another section which helps there.

Hon. Mr. Gordon; When would a man who works in a saw-mill be entitled to compensation from the fund?

The CHAIRMAN; Senator, we should like to get this one thing settled first.

Hon. Mr. GORDON: All right. I usually ask so much that I can afford to wait.

Mr. FINLAYSON: Section 25 of the Bill deals with certain special classes of insured contributors being:

(a) persons who habitually work for less than a full week;

(b) persons whose normal employment is for portions of the year only in occupations which are seasonal;

(c) persons whose normal employment is in an occupation in which their services are not normally required for the full week or who owing to personal circumstances are not normally employed for the full week;

In these cases

(2) Where it appears to the Commission that the application of the provisions of this Act in the determination of benefits for any of the said classes would result in anomalies, having regard for the benefits of other classes of insured contributors, the Commission may from time to time make regulations which shall, in relation to the classes of persons to whom this section applies, impose such additional conditions and terms with respect to the receipt of

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benefit and such restrictions on the amount and period of benefit and on the number of days of any period of continuous unemployment to be excluded from the benefit period, and make such modifications in the provisions of this Act relating to the determination of claims for benefit and the meaning of "continuous period of unemployment", as may appear necessary to remove or substantially remove the anomalies. There is a safeguard.

The CHAIRMAN: They have no such condition as that in England at all?

Mr. FINLAYSON: No, no parallel condition. However, that was put in at the urgent request of members of Parliament in whose constituencies these industries are carried on. Perhaps it was the employees who asked for it.

The CHAIRMAN: But in British Columbia they have not these portable saw-mills.

Mr. FINLAYSON: We excluded them at first.

Right Hon. Mr. MEIGHEN: Do you realize you are able to come in and show anomalies and then go out?

The CHAIRMAN: There are so many of these little mill operators.

Right Hon. Mr. MEIGHEN: But if they can show an anomaly they can get out.

The CHAIRMAN: I do not think they should have been put in. It is all right for Senator Gordon. If his large mill works only five months in the year he knows how to proceed; but the small mill owners have no permanent staff.

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The CHAIRMAN: I am not sure that they will be able to do so.

It is not all right to say that the Board will be able to do so.

he knows how to proceed; but the small mill owners have no permanent staff.

Hon. Mr. GORDON: When is a saw-mill man out of employment? For instance, some mills this year will run only four months and then close down. There is no more work for the man to do. It is not a business in which he can go to another mill; they are all closed down. They are nearly all out of business now.

Mr. FINLAYSON: If his employment is in a concern which works five or six months, he is not unemployed in the other part of the season, because that season constitutes his work.

The CHAIRMAN: Does he come under this Bill?

Mr. FINLAYSON: He could not draw the benefit.

The CHAIRMAN: Then he does not come under the provisions of this Bill?

Mr. FINLAYSON: He draws the benefit if he loses employment in the season. He can get exemption if his employment does not run more than twenty-four weeks in the year normally.

Hon. Mr. GORDON: Twenty-four weeks in the year?

The CHAIRMAN: That is half a year practically.

Hon. Mr. GRIESBACH: He would be unemployed only if he was not able to get work in the working season?

Mr. FINLAYSON: Supposing he has got some job in a planing mill, and he does not go into any other employment, well, that period represents his year.

Hon. Mr. DANDURAND: He comes under clause 25?

Mr. FINLAYSON: Clause 25 simply means that the Commission may make special regulations.

Hon. Mr. GRIESBACH: Would it not be better to leave him out altogether if that anomaly is bound to arise? Is he unemployed merely because he cannot get

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work in the season when work is being done, or is he unemployed because he cannot get work at all? A lot of men may go into this thing under the impression they will draw benefits as soon as work ceases at the end of the season.

The CHAIRMAN: I should like to see the men get the benefit of the Bill, but I do not see how you are going to assess these little mill owners.

Hon Mr. GRIESBACH: I think the inclusion of classes of that sort would wreck the scheme.

Hon. Mr. BALLANTYNE: The Act provides they can be left out.

The CHAIRMAN: There is machinery whereby they can get out.

Mr. FINLAYSON: You can take it in the saw-mill and planing mill industries that the employer is paying under this Act, because the employer pays even when the employee gets exemption under the section.

Hon. Mr. DANDURAND: That is an extraordinary provision, that though an employee is exempted yet the employer continues to pay.

The CHAIRMAN: Has the man who runs a little portable saw-mill got to pay anything?

Mr. FINLAYSON: If he has anybody in a contract of service in the saw-mill or planing industries in respect to that person he has got to pay.

The CHAIRMAN: You would put a large class of people out of business.

Hon. Mr. DANDURAND: This is subsection 4 of section 17:

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portable saw-mill not to pay anything? Mr. PINLAYSON: If he has anybody in a contract of service in the saw-mill or planing industries in respect to that person he has got to pay.

The CHAIRMAN: You would not a large class of people out of business.

Hon. Mr. DUNDURAND: This is subsection 4 of section

The employer of a person who holds a certificate of exemption under this Act shall be liable to pay the like contributions as would be payable by him as employer's contributions if that person were a person insured under this Act, and in this Act any reference to the employer's contribution shall be construed as including a contribution payable under this subsection.

Under what principle do you tax the employer for an employee who is exempted?

Mr. FINLAYSON: The reason is this, that if you did not do that there would be a tendency on the part of employers to discriminate in their employment in favour of men who can get exemption.

Hon. Mr. GORDON: I think you can get that out of your head because no employer who knows his business is going to get rid of a good man and take on a man who knows nothing about the work.

Mr. FINLAYSON: I suppose there is some other principle involved about making everybody share this general burden.

Hon. Mr. Smith: Canning factories come under this?

Mr. FINLAYSON: Yes. The governing clause is a contract of service; that is, wherever there is the usual employment contract. If there is a contract for services, that person would not come in.

Hon. Mr. Smith: But the employer, as I understand, would have to continue to pay throughout the whole year?

Mr. FINLAYSON: No. He pays only in respect of any week or portion of a week in which a man has worked; that is, he only matches his contribution.

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Mr. WILKINSON: Yes. The Government alone

is a contract of service; that is, wherever there is

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Mr. WILKINSON: No. He pays only in respect of any week or portion of a week in which a man has worked; that is, he only makes his contribution.

against the worker's contribution, and the worker, only contributes in respect of the part on which he has worked.

Hon. Mr. SMITH: So the Act would operate only against a canning factory while in operation eight months; the other four months the Act would be inoperative?

Mr. FINLAYSON: Yes.

Mr. MEIGHEN: Thank you very much, Mr.

Finlayson;

Hon. Mr. DANDURAND: We have not touched upon the actuarial calculations as to how the fund will be self-sustaining.

Right Hon. MR. MEIGHEN: Mr. Watson is here. It is important, but do you think we should gain anything by going into a lot of actuarial calculations?

Right Hon. Mr. MEIGHEN: Yes, that is important.

against the minute contribution, and the worker, only a contribution in respect of the part on which he has worked.

There is, however, in the last month, only a small amount of a running factory while in operation. The other four months the Act would be

irregularly.

Hon. Mr. Macdonald: We have not touched upon the actual calculations as to how the fund will be self-sustaining.

Hon. Mr. Macdonald: Mr. Watson is here.

It is important, but do you think we should gain

anything by going into a lot of details?

Hon. Mr. Macdonald: Yes, that is important.

The CHAIRMAN: If it is the pleasure of the committee, we will hear Mr. Watson now.

Mr. A.D. Watson (Actuary, Department of Insurance) appeared before the committee.

Hon. Mr. DANDURAND: You heard the question I asked Mr. Finlayson?

Mr. WATSON: Yes Sir.

Hon. Mr. Dandurand: Are your calculations made so that the fund will be self-sustaining?

Mr. WATSON: Yes, we anticipate that. The calculations have been made having in mind that the contributions by the employees, the employers and the Government shall be sufficient to pay the benefits. The costs of administration are paid separately by the Government.

Right Hon Mr. MEIGHEN: Does the Government pay anything else?

Mr. WATSON: It pays one-fifth of the fund.

Right Hon. Mr. MEIGHEN: That is, it pays two-fifths of what the employer pays?

Mr. WATSON: It pays one-fifth of the total contribution to the fund.

Right Hon. Mr. MEIGHEN: That is it pays two-fifth of what the employer will pay?

Mr. WATSON: That is right.

Hon. Mr. GRIESBACH: I do not quite follow that.

Right Hon. Mr. MEIGHEN: If the Government pays one-fifth of the total contributions, and these contributions are from employer and employee in equal amounts, then it means that the Government is paying two-fifths of what the employers pay.

The CHAIRMAN: It is the pleasure of the

committee, we will hear Mr. Watson now.

Mr. Watson: I have the honor to acknowledge

the committee's report on the subject.

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two-fifths of what the employers pay.

Mr. WATSON: Senator Meighen is substantially correct. There will be some differences in the amounts contributed by employers and employees, for a relatively few employees will get exemption.

Right Hon. Mr. MEIGHEN: Does the employer not pay in respect of them?

Mr. WATSON: Yes, he pays in respect of those who are exempted, for the reason given by Mr. Finlayson, that if the employer did not pay for those employees, there would be a disposition on the part of the poorer employer to bring his employees within the exempted class by making his employment of a temporary character.

Hon. Mr. LAIRD: What experience, if any, have you had in connection with unemployment insurance work?

Mr. WATSON: I am afraid that no one in this country has had direct experience with unemployment insurance. I have had no first hand experience.

Hon. Mr. DANDURAND: We have been asked to exempt the retail trades because they provide fairly permanent employment. What effect on your calculations would the exemption of such a large class have?

Mr. WATSON: Whether they should be left out or not must be a matter of opinion, I suppose, but personally I cannot see how any case can be made for the retail trades. In the first place it would result in great administrative difficulties in separating retail trades from others. Another consideration is that people shift a good deal from occupations, and the retail trades are perhaps not nearly so stable as they may have been represented. Certain groups in the retail

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trades may be very stable, but if you take the retail trades altogether I do not think a case can be made for them any more than for the general body of wage earners. I if you take salesmen and saleswomen as representative of the retail trades, and I think perhaps they may be fairly representative, the average unemployment in the year 1931 was just about the same as it was for the whole body of wage earners represented in the data that we included in our calculations. I really do not see that there would be any case at all. In fact for insurance of this sort the object should be to sweep within its ambit as large a part of the population as you can advantageously from an administrative point of view sweep in. The moment you begin to make exemptions you probably cause more difficulties than advantages.

Hon. Mr. DANDURAND: From the administrative point of view, you say?

Mr. WATSON: Well, I should say perhaps from every point of view.

Right Hon. Mr. Meighen:- In a word, you should take farm help in, only for the administrative difficulty?

Mr. WATSON: The administrative difficulties there would be insuperable in this country. Up until the present they have been considered insuperable in England. They just had a committee bringing farmers in under a special adaptation of the scheme. How well it will work remains yet to be proved, and I think on examination of the details to the modifications of the main scheme that they found necessary to suggest one must realize the very great difficulties in handling agriculture at all.

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Whether they can handle it remains to be seen.

Right Hon. Mr. MEIGHEN: We certainly could not.

Mr. WATSON: No, I do not think so.

Right Hon. Mr. MEIGHEN: That is the test you apply, if it is practicable from an administrative standpoint, the standpoint of administrative expense, then you say the largest sweep of employees and employers you can get in, the better and sounder is your plan?

Mr. WATSON: It certainly removes very many administrative difficulties, because if there are shiftings from one occupation to another there will be less trouble. You were talking a few minutes ago about seasonable employment, about a man working on a saw mill. Now if he goes to another insured employment when he leaves the saw mill, it does not present any particular difficulty to the administration of the scheme, but if he goes to an uninsured employment he is beyond the insurance scheme. The more classes you exempt the more shiftings there will be from insured to uninsured employment.

Hon. Mr. Cote: What is your estimate of the number of contributors who will receive benefits during the first year, say?

Mr. WATSON: Well, sir, for the first year there will be no benefits.

Hon. Mr. COTE: I mean the first year of benefits?

Mr. WATSON: I would like to go back a bit. In making the calculations the Bureau of Statistics, with

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Right Hon. Mr. M. I. Tamm: We certainly could not.

Mr. Watson: No, I do not think so.

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the terms of the Bill before them, endeavoured as closely as possible to compile data that would be representative of the insured occupations. It is easy to understand, having regard to the exemptions and other terms of the Bill, that the data cannot be compiled with exactitude; you have to deal with occupations that you know the bulk of those exemptions will be in. Going through the whole of the census in that way they compiled data that are very likely closely representative of the insurable industries. On the basis of the 1931 census data there would be about 1,700,000 who would be within the scheme. Over the nine years from 1922 to 1930 I think the average was 1,680,000. So I think it would be safe to say somewhere between 1,500,000 and 1,800,000. Of course it depends a good deal on industrial conditions.

Hon. Mr. GRIESBACH: You are speaking of the people who would be included in the scheme. But Senator Cote was asking you the number who would receive benefits.

Right Hon. Mr. MEIGHEN: It is all in the House of Commons Hansard.

Mr. WATSON: A very large proportion of people are employed some little time in the year. This proportion is as high as 50 %. They have to be unemployed for at least nine days in order to get any benefit.

The CHAIRMAN: Nine days continuously, do you mean, or a total of nine days run up over some weeks or months?

Mr. WATSON: Continuous unemployment is defined in the Bill as any three days of unemployment, whether consecutive or not, within a period of six consecutive

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The CHAIRMAN: Nine days continuously, do you mean?

in the Bill as any three days of unemployment, whether
consecutive or not, within a period of six consecutive

days, and any two such continuous periods separated by a period of not more than six weeks shall be treated as one continuous period of unemployment. I should say a fair approximation would be that 35% of the working people would receive some benefit every year, between 30 and 35%, on the basis of the calculations we used. That is, they would get some benefit, for one day or more.

Hon. Mr. GORDON: Your calculations were based on the last three or four years?

Mr. WATSON: No, The data we used took in the last eleven years, down to June 1931. That is probably a fairly representative period. At all events it would not seem wise to assume anything more favourable than that. In part of that period it was quite serious. 1921 was a bad year, and the last six years were bad. And of course we had to make use of the data available.

Hon. Mr. Dandurand; If the retail trades were exempted, to what extent would that affect your equilibrium?

Mr. WATSON: If it were practicable to exclude them, I think the equilibrium would be left almost unchanged. I have not examined that closely. But as I was saying a few moments ago, in respect of salesmen and saleswomen, so far as they may be representative of the whole class, the percentage of unemployed in 1931 was a little better than for the whole group on which we based our calculations. I do not say they are representative; probably they are not so stable as the whole bulk of the retail trades.

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whole bulk of the retail trades.

Hon. Mr. GRIESBACH: You know they are not, do you not?

Mr. WATSON: I should think they would not be so stable as the whole bulk of the retail trades.

Right Hon. Mr. MEIGHEN: So that the exemption would add to the cost of administration?

Mr. WATSON: It would make it more difficult, yes.

The CHAIRMAN: Take the corner drugstore, and that kind of business, where a man has one or two employees, do all such places come in under this measure?

Mr. WATSON: Oh, yes.

Hon. Mr. Cote: Does unemployment as a result of illness entitle a man to draw benefit?

Mr. WATSON: No sir. You will notice in section 20 it is provided that a man must have made forty contributions in the past two years, he must have made application for benefit and been continuously unemployed, and he must be capable of and available for work, in order to obtain unemployment benefit. If a man is ill, he is not of course available for work.

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Hon. Mr. DANDURAND: We have been asked to exempt the clerical staff.

Mr. WATSON: Yes, sir.

Hon. Mr. DANDURAND: The Canadian Pacific stated they have a very large clerical staff. If that clerical staff were withdrawn from the Act, to what extent would it affect your equilibrium?

Mr. WATSON: On that I could not give any guess at all. It would be detrimental certainly. The clerical staff, I should suppose, on the whole would have greater stability of occupation than the average, although I have not tested it out. It might be rather difficult from census data to segregate it, although probably it could be done.

Hon. Mr. DANDURAND: Of course, the greater the stability the greater the profit to the fund.

Mr. WATSON: Quite so. I think Mr. Finlayson went into that aspect of the difficulty very well as to excluding a particular occupation because at the time it happens to show some stability. As proof of that, a very strong case was made out in England in 1911 for exclusion of the coal industry on the ground that all the coal they could dig out of the ground they had a ready market for, and the coal miners never needed unemployment insurance, and all that sort of thing. We all know what has been the history of the coal trade since then. In this world of shifting sands it is rather doubtful if we should speculate very far concerning the stability of employment of any of us. That is one reason why I think we should consider very carefully anything in the way of exclusions. Another reason is that perhaps there is no employee in Canada who does not profit to some extent by stability in the

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other occupations. I suppose that is true. If unemployment insurance is going to do anything at all for us to ought to make for greater stability in industry. This means an equalization of purchasing power, so that clerical staffs and the most permanent people there are, civil servants, will gain something from the added stability that ought to be given to industry. Therefore I think we should consider very carefully any proposals for exemption merely on the ground that at this particular date, or for years past, it has seemed to be stable.

Reference was made to the telephone industry. I do not know much about it, but a telegraph operator told me not long ago that due to recent developments whereby they can send a great many messages over the same wire at the same time they had been able to dispose of a great number of operators. Ten or twenty years ago I suppose people would have said that telegraph operators were very secure in their positions. Personally I feel that we ought to scrutinize very carefully before actually making a decision to exclude anyone on those grounds.

The CHAIRMAN: Let me ask you a question that I intended to put to Mr. Finlayson. In most businesses the clerical staff is exempt, is it not?

Mr. WATSON: They would be exempt where they are earning more than \$2,000.

The CHAIRMAN: He said engineers are not exempt.

Mr. WATSON: Yes.

The CHAIRMAN: I know many industries in which the engineers may be considered members of the clerical staff. Where are you going to differentiate?

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The Chairman: Let me ask you a question that I intended to put to Mr. Humphreys. In most businesses the clerical staff is exempt, is it not?
Mr. Watson: They would be exempt where they are earning more than \$2,000.
The Chairman: He said engineers are not exempt.
Mr. Watson: Yes.
The Chairman: I know many industries in which the engineers are exempted, is that right?
staff. Where are you going to differentiate?

For instance, take the plant department of a telephone company, they have a number of engineers who are practically part of the clerical staff.

Mr. WATSON: Perhaps the distinction is manual workers. These engineers you speak of are not manual workers.

The CHAIRMAN: I do not see how you are going to differentiate between a civil engineer on the clerical staff of a company and another civil engineer in some other branch of the same company. In a company of my own we have a number of engineers who are on the clerical staff. Some of them are getting more than \$2,000 a year, and others less than that income. I imagine the same condition would apply in an architect's office where there would be draughtsmen.

Right Hon. Mr. MEIGHEN: Those are all clerical men. They are not manual workers.

The CHAIRMAN: Mr. Finlayson said that engineers come under the Act.

Mr. FINLAYSON: I meant railway engineers.

Right Hon. Mr. MEIGHEN: You say about \$7,000,000 is estimated for administration cost. Then we pay one-fifth of the aggregate contributions of employers and employees. What is that expected to be?

Mr. WATSON: For the nine years ending 1930 I estimated on the basis of the persons who would come under the scheme that \$42,000,000 would be the total amount contributed to the fund by employers, employees and the Government.

Hon. Mr. GRIESBACH: For one Year?

Mr. Finlayson: That is without administration cost.

Mr. WATSON: Yes, without administration cost.

For instance, take the plant department of a telephone

manual workers. These engineers you speak of are not

manual workers.

The CHAIRMAN: I do not see how you are

going to differentiate between a civil engineer on

engineer in some other branch of the same company.

In a company of my own we have a number of engineers

who are on the clerical staff. Some of them are

getting more than \$8,000 a year, and others less than

that income. I imagine the same condition would

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The CHAIRMAN: Mr. Winthrop said that

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Mr. WINSTON: I want to say something.

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Mr. WINSTON: For one year?

That includes the Government contribution for benefits.

Right Hon. Mr. MEIGHEN: That would be \$8,000,000 odd.

Mr. WATSON: One-sixth of the total would represent the Government's share, not a fifth. That would be \$7,000,000. Add to that whatever you like for administration.

Right Hon. Mr. MEIGHEN: You stop at 1930. They were pretty good years then. We may expect \$10,000,000 there?

Mr. WATSON: It will be more than \$42,000,000. Probably it is true that in the data we used we may have included some people that ought not be included.

Right Hon. Mr. MEIGHEN: Your argument would be that to considerable extent it would reduce relief costs.

Mr. Watson: It should regularize employment a good deal.

Right Hon. Mr. MEIGHEN: Unless by persons fraudulently or malingeringly staying out of employment we are going to be soaked still more.

Mr. WATSON: That will have to be watched, of course.

Right Hon. Mr. MEIGHEN: You will need good watchers.

Mr. WATSON: On the manual and non-manual I should like to say one further word. Although a manual worker may in a certain technical sense be earning \$2,500 a year, that is, at the rate of \$2,500 a year, you will find it generally happens that he does not work enough throughout the year to earn anything like that total. Generally his yearly earnings will be about \$1,500, while his rate of earning may be up to \$2,500.

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Mr. WATSON: On the manual and non-manual I should like to say one further word. Although a manual worker may in a certain technical sense be earning \$2,500 a year, that is, at the end of the year, you will find it generally happens that he does not work every day out the year to earn anything like that. His yearly earnings will be about \$1,500, while his cost of living may be up to \$2,500.

I think that is a further reason why there is no limit on the earnings of the manual worker with reference to insurance.

Right Hon. Mr. MEIGHEN: That is right.

Hon. Mr. SMITH: I take it that the total cost the Government will be between \$15,000,000 and \$20,000,000 a year?

Mr. WATSON: On the start it will not be that much, because it will take a few years to get the scheme into operation. The first year it will be a matter of getting housed and getting organization, I suppose. There will be no contribution, that element of cost will not appear.

If you will allow me to do so--and not being a lawyer I do not mind doing so because if I am all wrong it does not matter.

Hon. Mr. LAIRD: What difference would it make if you were a lawyer?

Right Hon. Mr. MEIGHEN: He would not be wrong.

Mr. WATSON: If a lawyer I should expect to be right on legal matters. I am inclined to think the question you were discussing in regard to the provinces is adequately dealt with, and I should like to explain my viewpoint. You will notice that Part I of the schedule is the enacting portion bringing persons within the law. But you will observe that paragraph (b) of part I relates to "employment under the Dominion, or under any province of Canada with the concurrence of the province." Now, their employees cannot be considered unless the province concurs. Ontario, we will suppose, concurs; they are going to have their employees under the scheme. Then under Part II Ontario will be empowered to say, "These employees are permanent and we do not want them insured."

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Hon. Mr. SMITH: I take it that the cost of the Government will be between \$15,000,000 and \$20,000,000 a year?

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Right Hon. Mr. MEIGHEN: That is, after they have come in?

Mr. WATSON: Yes, after they have come in.

Right Hon. Mr. MEIGHEN: I see.

Hon. Mr. LAIRD: Under the figures as to cost did you or did you not include provincial employees?

Mr. WATSON: Perhaps I did not make it clear enough to start with. If you go through the volume of census data as to unemployment--a very excellent piece of work done by the Bureau of Statistics; I think there must be 1,500 pages in it-- you will find they give occupations, employments and everything else, showing the facts concerning employment. In order to make up data suitable for these calculations it would not be practicable to do otherwise than go through the analysis made by the Bureau of Statistics and include such groups as apparently ought to be included. To make exclusions for those earning more than \$2,000, what was done was to exclude managers and people who were described as of such a kind that they might be supposed to be earning more than \$2,000. There is no doubt that some of those excluded in order to arrive at the data would be earning less than \$2,000. On the other hand some would be earning more than \$2,000. Likewise, in making the exclusions you had to make them in groups. So probably of the classes left out there would be some who should be insured; and some included should not all be insured. Nevertheless I have no doubt the data they finally arrived at are representative of the persons who would be insured. After all, if you only had a sample, if you had one-tenth that were representative, you would get very good results in your calculations. Therefore I would say that if in any particular class

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the bulk was intended to be included, doubtless it would be included; if intended to be excluded, doubtless the bulk would be excluded.

Hon. Mr. LYNCH*STAUNTON: How is this money collected?

Mr. WATSON: By revenue stamps.

Hon. Mr. LYNCH-STAUNTON: Is the employee given a card?

Mr. Watson: He goes to his employment office the first time he goes to work when the scheme comes under operation, and he is given a book with appropriate spaces.

Hon. Mr. Lynch-Staunton: And the master of the man puts on the stamps for him?

Mr. Watson: The employer.

Hon Mr. Lynch-Staunton: For both?

Mr. Watson: Yes, for both.

Hon. Mr. Lynch-Staunton: In the Old Country I know gardeners and similar persons are insured. Why should there be any more trouble collecting from farmers than from anybody else?

Mr. WATSON: Of course, farmers working for themselves would not be insured in any event.

Hon. Mr. LYNCH* STAUNTON: But why is a hired man any different from a gardener?

Mr. Watson: Of course, thinking of the functioning of the Act, supervision of claims and the possibility of working for relatives, claiming you had been at work and getting your book stamped--there might be collusion between so-called employers and relatives.

Hon. Mr. LYNCH-Staunton: Does that make any difference if the money is paid?

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Mr. WATSON: Oh, yes, it would make quite a difference.

The CHAIRMAN: Any further question?

Than you Mr. Watson.

We will adjourn now to meet when the Senate rises this afternoon.

THE UNIVERSITY OF CHICAGO
DIVISION OF THE PHYSICAL SCIENCES
DEPARTMENT OF CHEMISTRY

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MINUTES OF EVIDENCE

The Senate

Tuesday, April 9, 1935.

The Standing Committee on Banking and Commerce,
to whom was referred Bill 8, an Act to establish an
unemployment and social insurance commission, to provide
for a national employment service, for insurance against
unemployment, for aid to unemployed persons, and for
other forms of social insurance and security, and for
purposes related thereto, met this day at 11 a.m.

Hon. Mr. Black in the Chair.

The Chairman: When we last adjourned we had
decided, I think, to hear Mr. J.E. Macpherson of the
Bell Telephone Company. He is here. We also have here
to-day Mr. George S. Hougham of the Retail Merchants
Association, who desires to be heard.

Is it the pleasure of the Committee to hear
Mr. Macpherson?

Some Hon. Senators: Carried.

Mr. Macpherson: Mr. Chairman and gentlemen, in
appearing for the Bell Telephone Company of Canada I
appear only for the telephone employees and the principal
operating company in Ontario and Quebec, although the
situation with respect to the larger telephone systems
in other parts of Canada is very much the same, with one
exception to which I will refer later. About 50 per cent
of the telephone service of Canada is in these two
provinces, where also there are about 800 rural telephone
companies of various sizes, some of them quite large,
connecting with the main system for long distance telephone.
Of course for them I cannot speak.

I have submitted a short memorandum to the Chairman
and the Secretary of the Committee, making the following

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The Chairman: When we last adjourned we had testified, I think, to hear Mr. J. J. Macpherson of the Bell Telephone Company. He is here. We also have here today Mr. George S. Houghton of the Retail Merchants Association, who desires to be heard.

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I have submitted a short memorandum to the Chairman and the Secretary of the Committee, making the following

submissions in reference to Bill 8. First, that the following addition be made to Part II of the first schedule, following clause (f):

Employment in clerical service in general division and district offices of telephone and telegraph companies.

In support of this suggestion ---

Hon. Mr. Dandurand: That is, you would exempt them?

Mr. Macpherson: If there are to be exceptions, sir, of the character indicated in clause (f), then those exceptions should apply to undertakings of exactly the same character. There are, of course, exceptions in that part of the Act the reasons for which are obvious--- the seasonal character of the employment, such as fishing, agriculture, hunting and trapping. Then when you get to subsection (f), it is an employment which in itself is similar to clerical employment, as represented by the railway association and many others, and is not dissimilar in any way except that it happens to come under the heading of banking, mortgage, loan, trust, insurance or other financial business. I can quite understand the exceptions for fishing, lumbering and so on, but an exception on behalf of all employment that is exactly the same in every large undertaking does not seem to have the same background of reason.

Hon. Mr. Griesbach: You think they might all come in or all stay out?

Mr. Macpherson: Yes, sir. That is recognized in section 15 of the Act in subclause 2, "where it appears to the Commission," etc., and also in the power supposed to be given to the Commission under section 7, subsection 1,

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to be given to the Commission under section 7, subsection 1,

(a) and (b). I thought it best, seeing that difference of opinion was actually contemplated in drawing the Bill, that attention should be drawn to these differences now rather than later, when the Bill is underway, and that I should put it before this Committee rather than before the Commission after it is appointed.

Right Hon. Mr. Graham: You do not think it would be wise to leave the extent of exclusion or inclusion to the Commission?

Mr. Macpherson: I think it might be. There is a partial provision for it. They are the same occupations, clerical occupations.

Hon. Mr. Dandurand: I drew attention to clause 15, and was informed it was simply to arrange for anomalies, that it would not go counter to the exemptions.

Right Hon. Mr. Neighen: That is right.

Mr. Macpherson: This appears almost to be an anomaly.

Hon. Mr. Dandurand: But the question is, must it not be cured by the Act and not come under 15?

Mr. Macpherson: I think it is preferable that it should be cured by the Act rather than to put the burden on the Commission.

The Chairman: I did not quite understand Senator Graham's question. He asked whether exemptions might not be left entirely to the Commission.

Right Hon. Mr. Graham: The question of exemption.

The Chairman: You would leave out (f)?

Right Hon. Mr. Graham: I was asking what he would think of that.

The Chairman: That is, to put all possible exemptions in the hands of the Commission.

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The Chairman: You would leave out (1)?

Right Hon. Mr. Graham: I was asking what he would

think of that.

The Chairman: That is, to put all possible exemptions

in the hands of the Commission.

Right Hon. Mr. Graham: Not make it statutory, leave it to the Commission.

Mr. Macpherson: That would be satisfactory, I think, to the employers.

I do not know that it is necessary to go into the details---

Right Hon. Mr. Meighen: You say there is just as much regularity of employment among your clerical staff as in the banks.

Mr. Macpherson: Yes, sir, probably more.

Right Hon. Mr. Meighen: Oh, the banks think there is nothing as stable as their employment.

Mr. Macpherson: I am afraid that if "financial institutions" is as sweeping as some people assert, it will bring in some in which employment is very erratic.

Right Hon. Mr. Meighen: Like brokerage houses?

Mr. Macpherson: Yes.

Right Hon. Mr. Meighen: You mention that you are going to be taken in while other telephone activities are to be left out, such as those under provincial governments.

Mr. Macpherson: Yes.

Right Hon. Mr. Meighen: What systems are under provincial government?

Mr. Macpherson: Alberta, Saskatchewan and Manitoba.

Right Hon. Mr. Meighen: How do they run them? Through a commission in each case, a body corporate?

Mr. Macpherson: A commission in Manitoba, a deputy minister and staff in Saskatchewan and in Alberta--- direct departmental direction. In Manitoba there is a commissioner with very extensive powers.

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commissioner with very extensive powers.

Mr. O'Connor: Is he a corporation?

Mr. Macpherson: No, he is not a corporation. He

is a commissioner to administer for the province.

The Chairman: It is direct government in each case.

Mr. Macpherson: Yes, direct government in each case.

Right Hon. Mr. Meighen: He cannot be sued.

Mr. Macpherson: No, I suppose not.

Right Hon. Mr. Meighen: So you think they are all out of the Bill?

Mr. Macpherson: I judge that by this exception,
(1) (ii) "In the public service of Canada or of a province
or by a municipal authority upon certification satisfactory
to the Commission that the employment is, having regard to
the normal practice of the employer, permanent in character."

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Right Hon. Mr. Meighen: Suppose it is found that either we do not want to or we cannot include those direct employees of Governments, is it going to be any real injury to you to have you in and them out?

Mr. Macpherson: That effect is the more serious.

Right Hon. Mr. Meighen: You are not competing with them?

Mr. Macpherson: No. Of course, it is rather tough on the employees, if you take British Columbia with Alberta just adjoining. The telephone employee in Alberta is on the same salary as the British Columbia telephone employees.

Right Hon. Mr. Meighen: The British Columbia company is your own?

Mr. Macpherson: No, we have no interest in it whatever. I am using it as an example, as a neighbouring company to the Alberta organization.

Hon. Mr. Griesbach: There is no spirit of competition?

Mr. Macpherson: No, there is a spirit of co-operation.

Hon. Mr. Griesbach: It is a question of the feelings of the individual employees of the two systems, one being under this Act and the other not?

Mr. Macpherson: I would say also of the feeling of the management. The General Manager spoke to me about it. There is a feeling of discrimination.

Hon. Mr. Griesbach: There is no discrimination.

The Chairman: There is in this respect, is there not? In British Columbia the employee will be mulcted 25 cents per week, whereas in Alberta the

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employee will not be. In other words, the thousand or two telephone employees in British Columbia will be taxed, whereas their co-workers in Alberta will not be.

Hon. Mr. Griesbach: While that is so, in one case he will get unemployment benefits, in the other he will not.

Mr. Macpherson: If the business is as continuous and permanent as they hope it will be the British Columbia man is not likely to draw on the unemployment insurance. Up to the time of the depression the telephone business, perhaps because it is a new business, had been one of steady growth without the question of surplus staff arising. It is only in the marked decrease of business that the question of surplus staff arose with any of them to any degree.

Right Hon. Mr. Meighen: You had to release a lot of people during the depression.

Mr. Macpherson: We spread the work as far as we could by short time. When that short time became so severe as to make a percentage loss in pay of 20 per cent, a little more in some cases, we improvised an unemployment insurance retiring grant, which as a matter of fact was effective throughout 1933, one of our worst years. It cost us a very large sum of money. It averaged \$256.33 per employee retired, being equivalent to forty-six weeks' unemployment had they been subscribing to unemployment insurance. That money was taken from surplus. These were people of considerable service, five years or more.

Right Hon. Mr. Graham: If you had this Bill would you have to do that at all?

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Mr. Macpherson: No, I think not; but the

Bill should be as extensive as possible to stand on its feet. If it is to be a big jack-pot you should get everybody in.

Hon. Mr. Little: How is employment affected by the installation of automatic exchanges?

Mr. Macpherson: They come in very slowly, and the normal turnover due to resignations, deaths, marriages and so on would have taken care of any surplus staff. It would have meant, of course, not adding people, but it would not have meant letting anybody out had normal progress continued. Of course, the adoption of the dial means that during the period of construction and afterwards during the period of operation you employ more skilled men; there is more employment in the factory during the making and afterwards in the maintenance you have a slight increase in the quality, and therefore a slight increase in the number of skilled help.

Right Hon. Mr. Meighen: Ultimately you have far less help.

Mr. Macpherson: In numbers.

The Chairman: But it has not meant displacement because of the natural growth of the business?

Mr. Macpherson: It would not have had except for the depression.

Hon. Mr. Griesbach: Installation of the automatic is slow. When through the wearing out of your system you find the automatic would be cheaper, you instal it. You have absolute control, you control the whole business.

Mr. Macpherson: It is controlled largely by the unwillingness to destroy the standing investment which is still in service.

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Hon. Mr. Griesbach: Quite so.

Mr. Macpherson: Is there anything further I can say on this point? So far as clerical help is concerned, we are on all fours, it seems to me, as the railways expressed it, with the banks and financial institutions.

Right Hon. Mr. Meighen: The banks, I apprehend, are going to contest that position very firmly, whether successfully or not I do not know; but can you bring figures to show the stability of your employment?

Mr. Macpherson: Clerical?

Right Hon. Mr. Meighen: Yes.

Mr. Macpherson: It affects clerical people earning \$2,000 or less per annum. There were 1,986 of those at the end of December, 1934. The maximum figure was \$2,474, or about a little less than \$500 more. Some of those have advanced in pay and others have been retired by the separation grant. There has been very little change between 1933 and 1934. At the end of 1934 there were 1,550 women of the \$2,000 and under class, and 1,559 at the end of 1933. There were 436 men at the end of 1934 and 471 at the end of 1933.

Right Hon. Mr. Meighen: That is, you have fewer men and women at the end of 1934 than 1933.

Mr. Macpherson: Slightly. That is partly promotion and partly retirement, it is not wholly due to retirement.

Right Hon. Mr. Meighen: But as a matter of fact had you not many more telephones installed at the end of 1934 than 1933?

Mr. Macpherson: No, unfortunately it is the opposite.

Hon. Mr. Gleason: Quite so.
Mr. Macpherson: Is there anything further?

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Mr. Macpherson: No, unfortunately it is the opposite.

Right Hon. Mr. Meighen: Is that so?

Mr. Macpherson: Yes. There was a very slight increase, a hardly measurable increase.

Right Hon. Mr. Meighen: In 1934?

Mr. Macpherson: In 1934.

Right Hon. Mr. Meighen: You had a decrease in employment.

Mr. Macpherson: We had a slight decrease for all employment. But as an offset to that we had increased the working hours of the senior people retained. They were finding the short time too severe. So while we adopted this retirement plan, which took care, we think, in a very generous way of people who had given us good service ---

The Chairman: Are not those figures a bit misleading? You are taking the groups now below \$2,000.

Mr. Macpherson: Yes, the clerical group.

The Chairman: Some of those have been advanced in pay.

Mr. Macpherson: I said that to the Right Hon. Mr. Meighen. I said that they are partly promotions and partly retirements, not wholly retirements.

Right Hon. Mr. Graham: They go from one class to the other.

Mr. Macpherson: Yes.

Hon. Mr. Laird: Did the employees contribute to the scheme you put in yourself?

Mr. Macpherson: No, the money was entirely taken from surplus. It was an entirely non-contributory scheme. When we were forced by the short time to make partly voluntary and partly selective retirements with

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Right Hon. Mr. Weighan: Is that so?

people of five years' service, it was done with very great care and with great regret, but we had to meet the situation of a very marked decrease in available work. There was no construction going on.

Hon. Mr. Sinclair: Is that a permanent scheme of your business, or was it just to get over the depression?

Mr. Macpherson: It was carried out in 1933, and it ran over a little bit of 1934. Now with the stabilizing of the work as a matter of fact the short hours are not so severe as they were, and we have firm hope there will be no more separation on account of lack of work; in fact, we hope it will be the other way.

Hon. Mr. Sinclair: Then you do not as a company provide for retirement allowances?

Mr. Macpherson: Oh, yes, we have a non-contributory pension scheme, and some of the retirements were of people who by their length of service were eligible for pension. Our pension plan is one per cent multiplied by the years of service. Last year there were 343 pensioners who received \$217,397. That is non-contributory. It has been in effect since 1917.

Hon. Mr. Sinclair: How long has an employee to be in the service before he is entitled to that?

Mr. Macpherson: It is on the basis of age and length of service.

Right Hon. Mr. Meighen: Is everyone entitled if only in your employment a year?

Mr. Macpherson: No. A disability pension is payable if an employee has been with us twenty years regardless of age. That is permanent disability,

people of five years' service, it was done with very great care and with great regret, but we had to meet the situation of a very serious nature in the country. The Government had to take a decision. The scheme of your business, or was it just to get over the depression?

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Right Hon. Mr. Meighen: Is everyone entitled to that? I think it is a different pension. It is a pension for those who have been in the service for 10 years. That is the pension for 10 years.

which may be the result of very severe sickness. Then anybody over 60 can apply for or receive his pension if he has had twenty-five years' service. A man 55 years of age who has thirty years of service may be pensioned.

Right Hon. Mr. Graham: Then there is a compulsory age retirement, is there not?

Mr. Macpherson: Seventy. I have not yet reached that. I am getting close to it unfortunately.

Right Hon. Mr. Graham: I am sorry about that.

Mr. Macpherson: So am I.

Right Hon. Mr. Graham: It is something like the railway pension.

Mr. Macpherson: Yes, but it has always been non-contributory. It is, as I say, one per cent multiplied by the years of service of the salary of the best ten consecutive years in employment.

Right Hon. Mr. Graham: Suppose you were put under this new scheme, would that have a tendency to induce you to give up your own private scheme?

Mr. Macpherson: It would not affect the pension scheme. This is unemployment insurance.

Right Hon. Mr. Meighen: It would affect your separation scheme?

Mr. Macpherson: The separation scheme is no longer in effect.

Right Hon. Mr. Meighen: You would not need it.

Mr. Macpherson: We would not revive it. Of course, we have in addition --- I do not know whether this is relevant --- we have in addition a sickness benefit scheme. An employee absent through sickness receives full pay part of the time and half pay later.

which may be the result of very severe sickness.
Then anybody over 60 can apply for or receive his
pension if he has had twenty-five years' service.
A man 55 years of age who has thirty years of service
may be pensioned.

compulsory age retirement, is there not?

Mr. Macpherson: Seventy. I have not yet
reached that. I am getting close to it unfortunately.
Right Hon. Mr. Graham: I am sorry about that.

Mr. Macpherson: So am I.
Right Hon. Mr. Graham: It is something like

the railway pension.
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non-contributory. It is, as I say, one per cent
multiplied by the years of service of the salary of
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Mr. Macpherson: We would not revive it.

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this is relevant --- we have in addition a sickness

full pay part of the time and half pay later.

Hon. Mr. Laird: Is that contributory?

Mrs. Macpherson: It is non-contributory.

If an employee with over ten years' service is ill for a year, during the first three months he gets full pay, for the next thirty-nine weeks half pay. It cost us last year a little bit short of \$150,000. Then there are what we call death benefits. That is, an employee dying in actual service, certain payments are made to his widow or dependent children. There were forty-eight cases last year at a cost of \$37,200. I think we have gone pretty far in recognition of the social obligation and, as I said earlier, we had not any reason to consider an unemployment scheme because with the steady growth of the business the unemployment question did not arise ---- the surplus staff question did not arise. It rose in 1931, it increased in 1932 and 1933. We believe a Bill of this kind is a good thing, but we think it should be as far embracing as possible, and that if there be exceptions on principles other than those which govern the exceptions like fishing and so on, those principles should be applied uniformly and not picked out as though they were peculiar to financial institutions and applied only there. We believe that employees of that same character of this or other similar companies should be on the same footing. They happen to be in another building, but they are co-workers doing very much the same kind of work.

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 workers doing very much the same kind of work.

Mr. Chairman, there are only two other points that I have to make. One is that the Commission should be given power to make more flexible arrangements for payment of these amounts. This was urged by the Railway Association. While the conditions to which they referred are perhaps not present in our case, we have scattered employees, and we think it would be wise if the Commission were given ample power to make the settlement regulations very flexible. To do so would simplify the operation of the Bill. For instance, the use of meters would save a lot of work. The second point is the one referred to by the Right Hon. Senator Meighen, with respect to the provincial systems. People engaged in exactly the same occupation, under the same conditions, in one case would be contributors, even though they seldom if ever became beneficiaries, and in the other case they would not be contributors. That of course would be slightly unequal treatment.

Right Hon. Mr. Meighen: We do not want that, if we can avoid it.

Hon. Mr. Sinclair: Have you figured out what your contributions would be in relation to the benefits derived by the employees, if you were under this scheme?

Mr. Macpherson: It would cost us over all, if the clerical staff were included, between \$90,000 and \$95,000 a year.

Right Hon. Mr. Graham: That is including their contributions?

Mr. Macpherson: No, our own. And it would cost them the same. The clerical people alone would cost \$22,594, that is 436 men at 25 cents a week, \$5,668 and 1,550 women at 21 cents a week, \$16,926, or a total of \$22,594, which

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one year. The railway employees would cost \$10,000.

that is \$10 men at 25 cents a week, \$10,000 a year.

at \$100 a month, \$10,000 a year, \$10,000 a year.

they would pay and which we would pay. And I think they would probably derive little if any benefit. And of course the same thing applies to the over-all staff.

Right Hon. Mr. Meighen: That is it would cost about \$185,000 a year for you and the employees.

Mr. Macpherson: Yes.

Right Hon. Mr. Meighen: Have you figured out how much would have gone in the way of benefits in, say, the last five years, to your employees under this plan, assuming that you had had no separation plan at all?

Mr. Macpherson: No. I think there would be too many imponderables in figuring that.

Right Hon. Mr. Meighen: Eaton's and Simpson's figured that for us. They claimed they would have received about one third of what they had paid out, they and their employees.

Hon. Mr. Griesbach: One quarter.

Mr. Macpherson: I fancy that if we figured it the showing would not be any better than that, probably worse.

Right Hon. Mr. Meighen: That you would have received less?

Mr. Macpherson: Yes.

Right Hon. Mr. Meighen: You paid out how much on that separation?

Mr. Macpherson: We paid out \$382,000.

Right Hon. Mr. Meighen: That over five years would be on a little more generous scale.

Mr. Macpherson: Yes, because we were then dealing with people, some of whom had 17 years of service, who had accepted a certain system of retirement.

The Chairman: I do not think those figures would be comparable, though, because some of those people were

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approaching the pension age.

Mr. Macpherson: Yes. And a good deal of that was voluntary. If you would retire to make things easier for those who remain, in the matter of service, we would give you a week's pay for a year's service up to a certain point, and two weeks' pay for certain service beyond seven years. And it is remarkable the percentage of those who got that retirement pay who have found occupation elsewhere.

Right Hon. Mr. Meighen: They are well trained?

Mr. Macpherson: Well, they somehow got other jobs.

Hon. Mr. Tanner: Have you any opinion as to the merits or demerits of a national system such as is proposed here?

Mr. Macpherson: We believe there should be a system. Personally I think that this legislation in its most comprehensive form should be passed.

Hon. Mr. Tanner: Except that you should not be in it?

Mr. Macpherson: No sir, but that there should be no exceptions, no special favours.

Hon. Mr. Tanner: Do you think the retail trade should be in it?

Mr. Macpherson: I think they will have to fight their own battle, sir.

Hon. Mr. Tanner: But you are a citizen of the country. What is your opinion? Have you got any?

Mr. Macpherson: Merely as a citizen I think that as many as possible should be in, except those who are in employments like fishing, for example, where there are long periods of unemployment.

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Hon. Mr. Tanner: You are all contributing now to the cause of unemployment, as taxpayers?

Mr. Macpherson: Yes. And it is better to do it systematically than unsystematically.

Hon. Mr. Sinclair: Would it suit the company better if you were allowed to present a scheme to the Commission permitting you to contract out?

Mr. Macpherson: If the Act when passed permits that, we would probably make a statement showing all the factors of our social work, where they interlock, and the conditions of employment.

Right Hon. Mr. Meighen: If it were possible to contract out you would likely present a plan of your own under which you would provide unemployment insurance?

Mr. Macpherson: Contracting out has been permitted in England.

Right Hon. Mr. Meighen: And you likely would avail yourselves of it if it were allowed here?

Mr. Macpherson: If it were allowed, yes.

Hon. Mr. Dandurand: You said that as a citizen you think as many people as possible should be brought in under the scheme. What justification is there, then, for eliminating people who are earning more than \$2,000? They are working in the same trades as others who would be under the Bill, and as soon as they reach earnings of \$2,000 they are exempt. Although a man earning \$2,000 might not need the protection of the Bill, why should he not be brought in?

Mr. Macpherson: I fancy that in the opinion of those who drew the Bill, persons earning from \$2,000 up are more likely to have permanency of employment, and also that the character of their employment would be such that this sort of insurance would not fit in, as to the amount

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this sort of insurance would not fit in, as to the amount

contributed and the benefits.

Right Hon. Mr. Graham: They are able to take advantage of plans provided by companies and societies for protection from unemployment. Would that be a reason?

Mr. Macpherson: They have a saving margin. I think that would be the reason.

The Chairman: Is it the pleasure of the committee to hear Mr. Hougham, of the Retail Merchants' Association?

George S. Hougham, of the Retail Merchants' Association,

Toronto: Mr. Chairman and gentlemen, I have filed with your secretary a written brief, for purposes of clarity and record. Before reading this brief, sir, may I make two statements for purposes of emphasis? The first is that as spokesman for the independently owned retail stores in Canada, this association does not take the stand that the department stores are taking. That will be clarified in the brief. And the second statement is that I do have the authority to speak for all provinces. I think, honourable gentlemen, that if you will be good enough to follow this brief as I read it you will find it an economy of time.

I shall be glad to subject myself to cross-examination.

The Chairman: All right.

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The Chairman: All right.

M E M O R A N D U M

Submitted by

The Retail Merchants' Association of Canada, an
Incorporated body, Deriving Its Powers From An
Act of the Dominion Parliament, Passed in 1905.

Re - Employment and Social Insurance Act.

To -

The Chairman,
The Senate Committee on Banking & Commerce,
Dominion Parliament,
Ottawa, Ont.

Sir,

In presenting the following memorandum outlining the views of independent and family-owned retail establishments, with reference to unemployment insurance, we regret that we have not had time to make as thorough and comprehensive statistical analysis of this subject as its importance requires.

A Partial Statistical Survey - We have been trying to secure authentic figures from all over Canada, showing exactly how the proposed Act would have worked out in retail stores during the last five years, a period which is generally admitted to have been one of unprecedented unemployment in Canada. We have also been anticipating the publication of figures by the Dominion Bureau of Statistics on the whole question. These figures are only now available and we quote them with some reservation because we do not know what questions were asked by the census-takers of the wage earners whom they interrogated.

May I pause, gentlemen, to make a statement here?

Please do not interpret that as any criticism of the figures themselves. I have a very great respect for Mr. Coats' organization, but not knowing what questions were asked we treat the answers with some reservation.

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May I pause, gentlemen, to make a statement here?

Please do not interpret that as any criticism of the figures

themselves. I have a very great respect for Mr. Coats'

figures, but we must not lose sight of the fact that

we treat the answers with some reservation.

We are of the opinion that a large number of those shown as wage earners under the general heading "Trade" would not have qualified for unemployment benefits under the proposed Act. The uncertainty surrounding these figures and the limited scope of the figures compiled by this Association would appear to us, in themselves, to warrant further investigation before the Act is put into operation.

The Association's Position in Principle - Before proceeding to the statistics themselves may we state our position in principle, which is that in our opinion unemployment in Canada has become a permanent factor to be reckoned with, due partly to the mechanization of industry and other world-wide economic and political factors. This being the case, it would seem to us that all classes in our economic life should share the responsibility for taking care of those who, through circumstances beyond their control, are the unfortunate victims of these conditions. In other words, we think there should be no exempted classes at all.

Subsistence Standard Not Enough - It seems to us, further, that we should approach this responsibility in a generous spirit and not simply from the point of view of discovering how little a family can sustain life on. If we accept the principle implied in the phrase "From each according to his ability, to each according to his need", and apply it to this subject, there can be no exempted classes. Further, if public opinion is not yet ready for the application of that principle, then at least we should be as sure as we can that the exemptions provided for in the Act can be defended.

Seeming Discrimination for Similar Work - While perhaps this Association has no right to speak for anybody but the class which it represents, may we respectfully point out that in view of the fact that retail employers and employees, due to the relative constancy of retail employment, will subscribe a very large proportion of the Unemployment Insurance Fund, it may not be out of order for us to offer some opinion as to the equity of the exemption of certain other classes. We refer particularly at the moment to Clause "F" in Part II of the Schedule of Exempted Employments, which eliminates those employed in Banking, Mortgage, Loan, Trust, Insurance or other Financial Business.

(D follows)

We question the equity requiring clerks in the offices of stores or clerks waiting on customers in retail establishments to contribute to an insurance fund, the benefits of which we believe will only reach a very small proportion of those employed in these classifications and at the same time exempting clerks in financial institutions who are hardly less subject to unemployment disabilities.

Actuarial Insurance Principles Should Apply - May we now state the second general principle, which we submit should be made applicable to the whole scheme, which is that there should be a classification of employments and that the contribution made by each should bear some definite relationship to the risk of unemployment in each class. This principle is universally recognized and applied in all other forms of insurance licensed by the Government, as, for instance, in the field of casualty insurance where there are special, preferred and hazardous classes. Obviously the same principle applies to the business of rating fire insurance risks, while it is also admitted in the Workmen's Compensation Acts. It is interesting to note in this connection that retailers and their employees are not included in the mandatory provisions of these Acts.

In other words, the retailer may come under the Act voluntarily, by application---the Provincial Act.

Right Hon. Mr. Meighen: But under this Act they are all in.

Mr. Hougham: Yes, sir.

The Chairman: You are speaking, then, with reference to Ontario only?

Mr. Hougham: Of the Workmen's Compensation Acts of which I have knowledge. Retailers may come in voluntarily.

Mr. Chairman: If they have more than five employees, and in one province, more than three.

Mr. Hougham: I know that in British Columbia, where I live, that was the case, and in Alberta.

The Chairman: In the Eastern Provinces---

Hon. Mr. Cote: It is the case in Ontario. You do not have to contribute, but you may if you choose.

Mr. Hougham: Voluntarily. That is my point, sir.

The Chairman: I say that does not apply to all the provinces.

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Insurance Principles Should Apply - May we now state the general principle, which we submit should be made applicable to the whole province, and if that principle is a classification of employments and that the contribution made by each should bear some definite relationship to the risk of employment in each class. This principle is generally applied and applied in all other forms of insurance licensed by the government, and the principle is the basis of many of our laws. These are special, preferred and hazardous risks. The same principle applies to the business of insurance risks, while it is also admitted in the Compensation Acts. It is interesting to note in this connection that retailers and their employees are not included in the mandatory provisions of these acts.

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Yes to contribute, but you may if you choose.

Mr. Hougham: Voluntarily. That is my point, sir.

The Chairman: I say that does not apply to all the

retailers.

Mr. Hougham:

This brings us immediately to the classification of Retail Stores and their employees and to the figures referred to earlier in this memorandum.

Dominion Bureau of Statistics Figures - In the memorandum entitled "Unemployment Among Wage-Earners in Canada, for the Census Year From June 1, 1930 to June 1, 1931", the word "Trade" is used, which includes both retail and wholesale trade. The total number of wage-earners in this classification is shown in this memorandum to be 281,107. Bureau officials inform us that of this total 228,720 were in the retail trade, and of these 43,798 lost some time during that census year. The total number losing some time in both the wholesale and retail trade was 73,474. It is therefore apparent from these figures that 52,387 employees in the wholesale trade contributed 29,676 to the total number of those shown in the Bureau's memorandum as having lost some time under the general classification "Trade".

Right Hon. Mr. Meighen: That is because the

wholesale trade is a diminishing factor in economic

life.

Mr. Hougham: That is quite right, sir. I agree.

Carrying the analysis out to the percentages disclosed by the Bureau's memorandum we find that the number of weeks per worker lost in the retail trade works out to approximately 4.3 while in the wholesale trade the percentage is 11.8. It will be seen therefore that the wholesale section of the "Trade" classification adversely weights the retail section of this classification, which seems to justify the use of the term "Relative Constancy", which we have used as applied to the retail trade in a preceding paragraph.

Association Survey - Supplementing the foregoing official figures. This Association has conducted a survey within the past week, through a questionnaire sent out to approximately (50) retailers in towns and cities from Ottawa to Windsor, selected with a view to getting as fair a cross-section of retail business as possible within this limited field. The subjects of these questionnaires include a grocery store with four employees, a department store---

family owned, may I interject---

Mr. McPherson

The figures in brackets are the percentages of total sales and total volume for the period referred to in the preceding paragraph.

Analysis of the figures in brackets shows that the percentage of total sales for the period referred to in the preceding paragraph is 11.8. It will be seen therefore that the wholesale section of the "Trade" classification adversely weights the retail section of this classification, which seems to justify the use of the term "Relative Constancy", which we have used as applied to the retail trade in a preceding paragraph.

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with 230 employees and between these two extremes a group representing shoes, hardware, men's furnishings, dry goods and furriers, employing anywhere from 4 to 50 people. The figures returned by eighteen of these firms show 1,114 employees who, during the past five years, would have contributed with their employers a total of \$126,778.80, if the Act had been in operation during that period. 58 of these employees would have been eligible for unemployment benefit under the terms of the Act and they would have received \$5,494.25, or less than 5% of the total amount which they and their employers would have contributed to the fund.

Partial View Only - There was no attempt on our part to influence these figures by selecting any particular class or type of retail store. The questionnaires were sent at random and, quite frankly, we were surprised at the results ourselves. We recognize that this is a very partial view of a very large and complicated problem but we would respectfully submit that the foregoing figures are in themselves sufficiently arresting to suggest the desirability of a much more comprehensive and analytical survey of the retail trade of Canada, before the proposed Act is made applicable to retail employees. We would further submit that the percentage to which we have referred (5%) would have to be very substantially increased before it would be fair to suggest that a class of employment so comparatively static should pay the same amount per capita into an insurance fund as is required from classes of labour in which seasonal and technological factors play an important part.

Summary - We respectfully suggest, therefore, that evidence is here adduced to justify your Committee in recommending that retail employees and employers should be placed in a special classification as to rate of contribution. If your Committee, however, is not prepared to go that far because of the limited scope of the figures submitted, might we suggest that you recommend that the Employment and Social Insurance Commission should have discretionary power to investigate the validity of the claim we advance and apply such regulations as their findings and subsequent judgment may dictate.

All of which is respectfully submitted.

Now I will try to answer any questions that are put to me. I confess the thing is very technical, and I am not in the position that some people would be in, of representing one company whose statistics are available or have been made the subject of research. I represent thousands of separately owned stores, from whom it is difficult to get accurate and dependable statistics.

Hon. Mr. Laird: Why do you draw a distinction between departmental stores "family owned" and others?

with 230 employees and between these two extremes a group representing shoes, hardware, men's furnishings, dry goods and furriers, employing anywhere from 4 to 50 people. The figures returned by fifteen of these firms show 1,114 employees who, during the past five years, would have contributed with their employers a total of \$128,778.80, if the Act had been in operation during that period. As of these employees would have been eligible for unemployment benefit under the terms of the Act and they would have received \$3,444.25, or less than 3% of the total amount which they and

retail firms only - There was no attempt on our part to influence these figures by selecting any particular class or type of retail store. The questionnaires were sent at random and, quite frankly, we were surprised at the results ourselves. We recognize that this is a very partial view of a very large and complicated problem but we would respectfully submit that the foregoing figures are in themselves sufficiently arresting to suggest the desirability of a much more comprehensive and analytical survey of the retail trade of Canada, before the proposed Act is made applicable to retail employees. We would further submit that the percentage to which we have referred (3%) would have to be very substantially increased before it would be fair to suggest that a class of employment so comparatively static should pay the same amount per capita into an insurance fund as is required from classes of labour in which seasonal and technological factors play an important part.

Summary - We respectfully suggest, therefore, that evidence is here submitted in support of the suggestion that a special classification of employees and employers should be placed in a special classification as to rate of contribution. If your Committee, however, is not prepared to go that far because of the limited scope of the figures submitted, might we suggest that you recommend that the Employment and Social Insurance Commission should have discretionary power to investigate the validity of the claim we advance and apply such regulations as their findings and subsequent judgment may dictate.

All of which is respectfully submitted.

Now I will try to answer any questions that are

put to me. I confess the thing is very technical, and I am not in the position that some people would be in,

I represent thousands of separately owned stores, from whom it is difficult to get accurate and dependable

Hon. Mr. Laird: Why do you draw a distinction between departmental stores "family owned" and others?

Mr. Hougham: The words "departmental store" have a certain meaning in the public mind. We usually think of one or two or three concerns when we use that term, but there are several score of smaller establishments which are family owned.

Hon. Mr. Hughes: This is social insurance.

Mr. Hougham: Yes, sir.

Hon. Mr. Hughes: And I inferred from the early part of your remarks that you rather favoured some classes taking care of other classes.

Mr. Hougham: Yes, sir.

Hon. Mr. Hughes: Making it very general.

Mr. Hougham: Yes, sir.

Hon. Mr. Hughes: In the closing part of your remarks you rather disapproved of that.

Mr. Hougham: It sounds inconsistent, I realize, but I think it really is not. If we take it that all classes---an increasing number of classes, more than are contemplated in this Act---should contribute to the fund, and that each should contribute as nearly as possible in a basis that has some relation to the risk of the particular class---

Right Hon. Mr. Graham: You would rather do it according to the plan of the insurance companies.

Mr. Hougham: Yes, sir, actuarially.

Right Hon. Mr. Meighen: Have you studied the practice elsewhere to see if this merit system has ever really worked?

Mr. Hougham: The only place, of course, where I imagine there are any statistics available, is Great Britain, and I am ashamed to confess that I know very

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Mr. Houghton: Yes, sir, actually.

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Mr. Houghton: Yes, sir.

Hon. Mr. Hughes: And I inferred from the early

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Mr. Houghton: The words "departmental store" have a

little of the subject.

Right Hon. Mr. Meighen: They have not taken the merit system. Their commissioners have reported against that as impracticable.

Mr. Hougham: Which raises the question as to why it should be impracticable here and practicable in the field of ordinary commercial insurance.

Right Hon. Mr. Meighen: There is a very great difference. In workmen's compensation, which is almost analogous, the employer and the employee can both contribute very much towards the reduction of the loss, the safety of the establishment; but in unemployment insurance they are the victims of forces beyond their control.

Mr. Hougham: I admit that argument, sir.

Right Hon. Mr. Meighen: Unemployment insurance is merely a method by which the danger of unemployment and the consequent loss suffered by reason of it is distributed over the whole field of employment.

Mr. Hougham: It is not, is it, under this Act?

Right Hon. Mr. Meighen: It may be that it is criticizable on that account; that we do not cover all the field. If we did go over all the field would you be satisfied to have all contributions alike?

Mr. Hougham: I should like to reserve comment on that. We are dealing with statistics---as my friend here said, the imponderables, a very apt expression. The retail trade feel that they should be in this picture only for reasons that are purely selfish, if retail trade will benefit.

Right Hon. Mr. Meighen: Stability of earnings.

Mr. Hougham: Earning power and so on. I should

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Mr. Hougham: Having power and so on. I should

like to reserve comment, because I do not know enough about it; I would want to be convinced that this plan is not practicable of having the various classes contribute on an actuarial basis.

Hon. Mr. Little: Won't the retail merchant get his cost back in higher prices for his goods?

Mr. Hougham: Why the higher price, sir?

Right Hon. Mr. Meighen: They are all treated alike, and if there is greater cost it can be passed on. If they are all treated alike, then the extra cost can be passed on.

Mr. Hougham: Just a minute, Let us analyze that a moment. I ask you to consider the position of a comparatively small store, with, let us say, five to ten employees. I doubt if such a store can get the contributions it makes back from the consumer in goods. Let us say a man pays \$3 or \$4 a week. It is very difficult for that to be spread over volume.

Right Hon. Mr. Meighen: It is very small.

Mr. Hougham: The amount is very small.

Right Hon. Mr. Meighen: Both employer and employee together, in your figures, would contribute only \$24 a year. That is \$12 each.

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E-1

Mr. Hougham: Yes, it cannot be reflected in increased prices.

Right Hon. Mr. Meighen: If a merit rating is adopted the costs of collections are going to be much greater too.

Mr. Hougham: I am interested in this question--- the Act says nothing about it and I presume the Commission will have to figure it out --- as to how they are to get 25 cent pieces from 200,000 retailers in Canada. That is approximate, I know; but I suppose it is not beyond the wit and wisdom of man to do that.

Right Hon. Mr. Meighen: They will not try to evade that, will they?

Mr. Hougham: Well, Senator, I have a very vivid recollection of an episode called the luxury tax. You and I first met together on that issue years ago in Vancouver. I recall how difficult it was, nay, sir, it was utterly impossible, to compell certain retail establishments to do what they should do. A good many records are kept in what in the language of the street is called one's pants pocket. The firm that does keep accurate records is penalized at the expense of those who do not.

The Chairman: It is pretty easy to have the record of the number of employees in every retail store in Canada?

Mr. Hougham: It sounds easy, Mr. Chairman, but I think as a matter of practical experience it will be found a little more difficult. However, I do not advance that as a final conclusive argument, I just raised the question.

Hon. Mr. Griesbach: There are more people

Mr. Hougham: Yes, it cannot be reflected

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Will the Chairman please ask the question?

interested in this than in the luxury tax. Nobody was interested in that except the Government. Here if the contributors do not get any benefit you will hear some howling, and therefore more light will be thrown on the subject.

Mr. Hougham: I should not like this remark to be misinterpreted, Senator, but if you were to depend upon information that would come to you from such sources, I think it would be very partial and inclined to be unreliable.

A remark was made in this room three or four days ago which prompted us to take a little preliminary survey. Somebody said they wished it were possible to have an expression of opinion from employees. I wish it were. I wish the employees were organized. But in the absence of any effective organization we did something yesterday at short notice, we distributed a secret ballot to 384 employees.

Hon. Mr. Laird: Where?

Mr. Hougham: In this city, sir.

Right Hon. Mr. Graham: They are almost too close to headquarters.

Mr. Hougham: It was quite secret.

Right Hon. Mr. Graham: But the employees are too close to this legislation.

Mr. Hougham: My experience is that the closer you are to Parliament Hill, as far as the retailers are concerned, the less interest they take in legislation.

Right Hon. Mr. Meighen: They trust us more here.

Mr. Hougham: I hope so. Again I should not wish to be misinterpreted, but there is a phrase which

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runs, familiarity breeds contempt.

But to get back to this questionnaire.

Three hundred and eighty-four employees were canvassed in a secret ballot.

Hon. Mr. Little: In what trades?

Mr. Hougham: Dry goods and ready-to-wear. Sixty-seven voted for the principle of the Bill; 317 against. I recognize that this is very partial and not very conclusive.

Right Hon. Mr. Meighen: If we had not the Bill before us don't you think the vote would have been the other way?

Mr. Hougham: I cannot say.

Hon. Mr. Griesbach: What was the questionnaire?

Mr. Hougham: I can file it with the Committee.

The Chairman: I think in most employments presently the employee is opposed to unemployment insurance; he does not like the idea of paying out 25 cents a week.

Mr. Hougham: This was the questionnaire:

Under the terms of the proposed Employment and Social Insurance Act now before the Senate Committee on Banking and Commerce, you would be required to pay 21¢ per week, if you are a female employee over 21, and 25¢ per week, if you are a male employee over 21, into the Unemployment Insurance Fund to be established by the Government. Your employer will have to pay a similar amount, for each employee, into the same fund.

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Mr. Hougham: This was the questionnaire;

Under the terms of the proposed Employment and

Social Insurance Act now before the Senate Committee

on Banking and Commerce, you would be required to

pay \$14 per week, if you are a female employee

over \$1, and \$24 per week, if you are a male

employee over \$1, into the Unemployment Insurance

Fund to be established by the Government. Your

employer will have to pay a similar amount, for

each employee, into the same fund.

After paying forty consecutive weeks, should you become unemployed, for any reason other than illness, you would become eligible to receive benefits as follows: A sum not exceeding the amount you now receive for 78 days' employment, at the rate of \$5.10 per week if you are a female employee, and \$3.00 per week if you are a male employee.

If you have dependents for whom you are responsible these payments would increase PER WEEK but the total amount you would receive would not exceed the same amount that you now receive for 78 days' work.

Thus, for example, if you now receive \$2.00 per day and you were to pay into the fund for forty consecutive weeks you could receive a total of \$156.00 unemployment benefit.

If you have dependents to look after you could get more PER WEEK, but of course there would be fewer weeks, because your amount of \$156.00 would be used up that much faster.

With the foregoing facts before you, will you please say whether you are in favour of this plan. Please mark this ballot, but do not sign your name.

Hon. Mr. Tanner: In the opening paragraph you bring before the minds of the employees the percentage they will have to pay. You should have put that at the end of the questionnaire.

Right Hon. Mr. Meighen: You do not tell them that the Government contributed too. That is a very important factor.

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Mr. Hougham: I was only concerned with what they thought about paying into the fund. And the amount of money they get for benefits does not depend on the amount the Government pays in.

Right Hon. Mr. Meighen: But the fact the Government contributes to the fund shows their share of what they contribute is less than what they would gather from your questionnaire.

Mr. Hougham: It was not my intention.

Right Hon. Mr. Meighen: I know that.

The Chairman: If the employee is to contribute, he does not like it at the present time.

Hon. Mr. Tanner: On page 3 of your Association survey you say that eighteen firms with 1,115 employees would have contributed in five years \$126,778, and the employees would have received out of the fund \$5,494.

Mr. Hougham: Yes, sir.

Hon. Mr. Tanner: Who made up those figures?

Mr. Hougham: The firms themselves.

Hon. Mr. Tanner: Do you know them personally?

Mr. Hougham: Oh, yes, they are reputable firms. We selected firms that had kept records, whose records would make it possible for them to go back five years. There are many concerns you could not get that from.

Hon. Mr. Tanner: You are quite satisfied they interpreted the law as it would be?

Mr. Hougham: Yes. I shall be glad to file the questionnaire as evidence of how intelligible we made it to them.

Right Hon. Mr. Meighen: Do you think we had better just stop if they do not want it?

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Right Hon. Mr. Meighen: Do you think we had

better just stop if they do not want it?

Hon. Mr. Tanner: Do you feel we could accept these figures without having them verified?

Mr. Hougham: I do, sir.

Right Hon. Mr. Meighen: This is only for them. If they do not want it, why should we go on with it? It is for employees only.

Mr. Hougham: I thought my friend was talking about the questionnaire to the retailers.

Right Hon. Mr. Meighen: No, the employees generally. If they do not want it why should we go on with it?

Mr. Hougham: I am not taking the position that the employees generally do not want it.

Right Hon. Mr. Meighen: Just the retail trade?

Mr. Hougham: No, I am not taking that position.

Right Hon. Mr. Meighen: The vote would indicate they do not want it.

Mr. Hougham: The Association wants it, but figures that it should be on an actuarial basis.

Right Hon. Mr. Meighen: Others are telling us the same thing, their employees do not want it.

Mr. Hougham: Even if they say they do not want it, I still feel they should have it.

Right Hon. Mr. Meighen: None of the employees appear to want it.

Mr. Hougham: We are in favour of the principle of social insurance, and I think we might even state that it is overdue.

Right Hon. Mr. Graham: Everybody who will be a beneficiary is in favour of social insurance if he does not have to contribute. That is what I find.

The Chairman: That is a fair statement of the mental attitude at present.

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accept those figures without having been verified?

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The Chairman: That is a fair statement of

the mental attitude at present.

Hon. Mr. McMeans: That is very reasonable.

Hon. Mr. Foster: In this summary you say that the class you represent should be placed in a special classification as to rate of contribution. Do you not favour the same principle applicable to everybody, that is to say, there would be certain classes?

The Chairman: You mean on an actuarial basis?

Hon. Mr. Foster: Yes.

Mr. Hougham: That is what I was struggling to say. That is why I used the expression about special classes. There is a type of operation which a statistical survey over a period of years discloses involves a certain element of risk. If we can find a way of measuring that risk, then we should treat that class as a special class.

Right Hon. Mr. Meighen: Is not that against the whole principle of insurance? It means you take a very precarious class in a certain type of manufacture, and their share then would be so enormous that you could not insure them at all. That is to say, unless you spread the risk over the good and the bad you have not insurance in any sense.

Mr. Hougham: If that is correct, then I think our position is strengthened that we should have all classes in to share this.

Right Hon. Mr. Meighen: There is a lot to be said for that view.

Right Hon. Mr. Graham: Unless in this or any other scheme there are some apparent injustices, in that people who will get no benefit whatever must contribute, the scheme is not workable.

Mr. Hougham: I see your point. In the

Mr. Webster: That is very reasonable.

Mr. Webster: In this way you are

that the things you represent should be passed in a

classification as to rate of contribution.

you are not favoring the rate principle applicable to every

body, that is to say, there would be certain classes

of property: You mean an individual

Mr. Webster: Yes.

Mr. Webster: That is what I was suggesting.

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Right Mr. Webster: Unless in this or

other cases there are some circumstances

is not possible to say that we should have

contribute, the scheme is not workable.

Mr. Webster: I see your point. In the

absence of final figures, and none of us appear to have them, I wonder if our second suggestion is not possible: give this Commission discretionary powers after a certain period of time. Should we not all get into the thing now, build up the fund, and then if a statistical survey over a certain period discloses that a certain class is unfairly discriminated against, let that class make out a case before the Commission.

Hon. Mr. Griesbach: That is a matter for subsequent legislation.

Mr. Hougham: I wonder if that could not be included in the Act.

Right Hon. Mr. Meighan: If after three or four years certain differentiations were found to be necessary, the Commission could easily request legislation to that effect. In the meantime they would not be inundated by a whole lot of requests.

Mr. Hougham: Yes, that is reasonable.

(F-1 follows)

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Mr. Thompson: Yes, that is reasonable.

(T-1 follows)

The Chairman: Are there any other persons in the room who desire to be heard on this Bill?

Right Hon. Mr. Meighen: I may say that the Bankers' Association have asked to be heard. They spoke to me over long distance telephone yesterday, and I told them I thought there was a substantial body of opinion that they all should come in. They said if that was the case they wanted to be heard, and I took the liberty of suggesting to-morrow morning as a time, if the committee is agreeable to that.

The Chairman: Is it the pleasure of this committee that we hear the financial and banking representatives to-morrow?

Some Hon. Members: Carried.

Hon. Mr. Murdock: Mr. Chairman, at the first sitting of the committee for the taking of evidence on this Bill some question arose as to whether the proceedings would be printed, and it was stated by you that before the committee adjourned that morning the question would be decided. That was on March 28th.

Right Hon. Mr. Meighen: Senator Murdock, do you think it is necessary to have the records printed?

Hon. Mr. Murdock: I have gone over the type-written copy, and I do not see anything of a controversial nature that appears to make it necessary to have the record printed.

Right Hon. Mr. Meighen: We can keep the type-written copies on hand, and anyone who wishes to refer to them may do so.

The Chairman: Are there any other persons in

the room who desire to be heard on this bill?

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of the meeting of the committee on the bill, I

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may do so.

Hon. Mr. Murdock: When the hearings started I thought there would be considerable more controversy than has been so far. And that was why I raised the question, because I thought some parties who might come to give evidence would like to know what had been said before they came. And Senator Dandurand made a statement on March 28th in support of my view.

Hon. Mr. Dandurand: I put a question to an actuary of the Department of Insurance as to the effect of excepting the retail trade and the clerical staffs, or of bringing in everyone. I asked him if the equilibrium of the scheme would be upset by excepting the retail trade. He spoke on the spur of the moment and said it would not, but I think we should have some precise information on that point for our guidance.

Right Hon. Mr. Meighen: I asked Mr. Watson, and he said that if we included bankers and all the others he would not advise any change in the assessment. I think we should have Mr. Finlayson and Mr. Watson here to-morrow when we are dealing further with the Bill.

The committee adjourned until to-morrow morning at 11 a.m.

question, because I thought some parties who might come
to give evidence would like to know what had been said
before they came. And I thought it would be a good idea
to have it in regard to the case.

Mr. Thompson: I had a question to ask about
the statement of evidence as to the effect of receiving
the money. I asked him if the operation of the scheme
would be upset by the receipt of the money. He spoke on
the spur of the moment and said it would not, but I think
we should have some further information on that point for
our reference.

Right Hon. Mr. Thompson: I asked Mr. Johnson, and he
said that if it changed matters and all the other things
which he would be going to do, I think
it would be a good idea to have it in regard to the case.
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The Committee will now adjourn until tomorrow morning at
11 a.m.

MINUTES OF EVIDENCE

THE SENATE

Wednesday, April 10, 1935.

The Standing Committee on Banking and Commerce to whom was referred Bill 8, intituled; "An Act to establish an Employment and Social Insurance Commission, to provide for a National Employment Service, for Insurance against Unemployment, for aid to Unemployed Persons, and for other forms of Social Insurance and Security, and for purposes related thereto, "resumed this day at 11 a.m.

Hon. Mr. Black in the Chair

The CHAIRMAN: Gentlemen, we have asked two members of the Insurance Department to be here this morning, Mr. Finlayson and Mr. Watson. I think Senator Dandurand desires to get some information from Mr. Watson.

Hon. Mr. DANDURAND: Yesterday I suggested that at this stage of the investigation we should make clear a point which necessarily will come up at the opening of our study of the whole problem. We have had several suggestions made that the retail trade and clerical workers throughout the country should be exempted. I put to Mr. Watson a question as to the effect which the withdrawal of the retail trade would have upon the actuarial basis of the unemployment insurance fund. He answered that the fund would not be affected, but later I think he qualified his answer. If the exclusion of the retail

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that at this stage of the investigation we should
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the opening of our study of the whole problem. We
have had various discussions with the Government
trade and clerical workers throughout the country
should be exempted. I put to Mr. Watson a question
as to the effect which the withdrawal of the retail
fund would not be affected, but later I think he
realized the error. If the withdrawal of the retail

trade will not affect the actuarial basis of the fund, I desire to know whether the exclusion of the clerical workers generally will affect the actuarial calculations. It seems to me important that we should have this information before we start weighing pros and cons.

The CHAIRMAN: Mr. Watson.

Mr. A.D. WATSON: (Chief Actuary, Department of Insurance): The question is whether the exclusion of the retail trade would necessitate a re-formation of the actuarial foundations on which the scheme is given it will be necessary to segregate the statistics in respect to the retail trade and go through again the whole process of building up the foundations of the scheme.

When I was here before I mentioned that I had examined the statistics in reference to salesman and saleswomen, assuming that they were in some fashion representative of the retail trade. It is true that a good many of those salesmen and saleswomen would be in the wholesale trade. So far as they can be said to be representative of the whole class of retail trade wage-earners, their average unemployment in 1931--and 1931 only I examined--was somewhat under the average of all persons included in the data I used.

Hon. Mr. GRIESBACH: Under what?

Mr. WATSON: A small percentage under the average unemployment for the year.

Right Hon. Mr. MEIGHEN: The wholesale trade would be over?

Mr. WATSON: I cannot say. Neither can I say whether the salesmen and saleswomen are representative of the group. They may be far from representative,

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workers generally will affect the actuarial calculations.

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Mr. Watson: Would you please state what the

average unemployment for the year.

Right Hon. Mr. McLEOD: The wholesale trade

would be over?

Mr. Watson: I cannot say. Neither can I

say whether the salaried and saleswomen are represen-
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of the whole group of wage-earners in the retail and wholesale trades. But I should like to make this point clear,--even if they average exactly the same, and even if it be demonstrated that they might be put in an insurance group of their own and would be self-sustaining with the same contribution, it does not follow that they should be excluded, as far as I understand it. You may take, for example, an insurance company that has 100,000 policyholders on its books. If you cut that insurance company in two, one half may very well show the same mortality as the other half, and each may be self-sustaining; but it is another thing whether an exclusion should be made or not. I do not know whether that is a very good argument.

The other point is in regard to the clerical staffs. Again I have not the data but I imagine it would be rather difficult to collect, that is for the Bureau of Statistics with the statistics they have to go through and segregate the data in respect of the clericals that you may have in mind might possibly be excluded. I think it might likewise be difficult for the retail trade to say just what constitutes retail business and what does not.

Right Hon. Mr. GRAHAM: What constitutes retail trade for the purposes of this Bill?

Mr. WATSON: Retail trade is not mentioned in the Bill now. If it were to be excluded, something perhaps in the way of definition would be necessary. After the definition were set down, it would be a matter for the Bureau of Statistics to do the best they could to separate out the individuals that they might think would come within that definition.

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might think would come within that definition.

When it comes to interpreting the Act again the Commissioners might have some different notion and might have some in that the Bureau of Statistics had out, and they might have some the other way.

Right Hon. Mr. MEIGHEN: So you really know no reason why there should be any change at all in the actuarial basis?

Mr. WATSON: I cannot say, I have not got the data.

Right Hon. Mr. MEIGHEN: But even if it were so you would not consider it a reason for putting them out?

Mr. WATSON: No.

(B1 follows)

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Right Hon. Mr. McLENNAN: But even if it
were so you would not consider it a reason for

putting them out?

Mr. WATSON: No.

(The following)

Hon. Mr. GORDON: The bank employees are not included?

Mr. WATSON: No.

Hon. Mr. DANDURAND: Would you stress that point?

You do not consider it a reason at all? It is stated that the retail trade has a negligible percentage of unemployment. If you grant that to be true, you would include them because they would be an asset to the fund?

Mr. WATSON: Well, I am not sure that that is a sound basis in itself for inclusion or exclusion in a scheme of this sort. Any group of employees that have materially less than the average unemployment are a strength to the fund; if they have more than the average, they are not a strength to the fund. But having regard for the principles of the Bill, I really do not think that either fact in itself would be a sound reason for inclusion.

The CHAIRMAN: That being the case, why are there any exclusions provided for in the Bill?

Mr. WATSON: Well, I think it comes down mainly to a question of what you can administer. As I understand it, in a Bill of this sort you have to stop when you come to a point where your difficulties of administration would be so great as to make it too difficult to undertake the scheme.

The CHAIRMAN: What difficulties would there be in assessing a group of bankers or trust company employees or insurance company employees that would not be present in assessing a group of retail trade employees?

Mr. WATSON: I was not thinking of those groups.

The CHAIRMAN: Your statement was that it would not make any difference whether you took a certain group in or left a certain group out. If that statement is correct,

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assessing a group of bankers or trust company employees

or insurance company employees that would not be present

The CHAIRMAN: That is a question of what you can

administer whether you took a certain group in or

not. If that statement is correct.

why are certain groups left out?

Mr. WATSON: I am thinking of the exclusions in the Bill. As I understand it those exclusions are made because if the groups affected were included you would run into administrative difficulties that it is unwise to encounter.

Right Hon. Mr. MEIGHEN: You are referring to seasonal classes?

Mr. WATSON: Yes.

Right Hon. Mr. MEIGHEN: You do not mean that you would run into administrative difficulties in connection with financial and banking classes?

Mr. WATSON: No.

Right Hon. Mr. MEIGHEN: Your reasoning does not apply to the financial and banking groups?

Mr. WATSON: No.

The CHAIRMAN: That is what I want. Any person can understand why the seasonal groups should not come in. But why should you eliminate certain groups with more or less unemployment, in view of the statement that you made a moment ago?

Mr. WATSON: I was speaking in a general way. So far as banking and insurance is concerned my personal view is that it would make no difference from the point of administration whether they are in or out.

Right Hon. Mr. GRAHAM: There are certain classes excluded, bankers and insurance company employees. Now, why? Other classes, who perhaps are not particularly desirous of remaining under the Bill, argue that if they are compelled to remain under it why should the banking and financial classes be excluded?

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Right Hon. Mr. GRAHAM: There are certain classes

excluded, bankers and insurance company employees. Now,

desirous of remaining under the Bill, argue that if they

and financial classes be excluded?

Hon. Mr. DANDURAND: You have not given an answer with respect to the clerical staffs.

Mr. WATSON: Well, I do not know the rate of employment among clerical staffs, and it might be difficult to get it.

Hon. Mr. DANDURAND: Suppose there was no unemployment, what would you say?

Mr. WATSON: Well, then I suppose it would be a matter of policy for the Government.

Right Hon. Mr. MEIGHEN: There is no industry that has no unemployment.

Mr. WATSON: There is no industry where there is none.

Hon. Mr. GORDON: Mr. Chairman, perhaps I could be helpful right here. I cannot give you statistics for all the banks but I have them for one bank. On February 28, 1929, this bank had 2,428 employees. On February 28, this year, 1935, they had 2,384 employees, or 44 less. But in the meantime 36 were removed by death and 36 were retired, that is 72 against the other figure of 44. So there was no unemployment during the period so far as that bank was concerned.

The CHAIRMAN: The banking people are going to be heard here.

Right Hon. Mr. MEIGHEN: I will guarantee that right in that case there were quite a number let out and younger fellows taken on, and that some of those who were let out were on the unemployed list.

Hon. Mr. GORDON: I am giving you the record.

Right Hon. Mr. MEIGHEN: That record is no doubt correct. The bank has the same number of employees, but in the meantime a good many younger employees have been taken on.

Hon. Mr. DAWSON: You have not given an answer

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employment among clerical staffs, and it might be difficult to get it.

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Hon. Mr. GOSNOLD: Mr. Chairman, perhaps I could be

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on the unemployed list.

Right Hon. Mr. WATSON: That record is no doubt

Hon. Mr. DANDURAND: Do you consider that those who are let out for good from a trade will come under this scheme? They will have to find another position, or be unemployed for a time.

Right Hon. Mr. MEIGHEN: If they are unemployed they come under the scheme for a time.

Hon. Mr. DANDURAND: They can benefit for a year, that is all.

Right Hon. Mr. MEIGHEN: That is all.

Hon. Mr. DANDURAND: And they may have contributed for twenty years. It would be costly for them;

The CHAIRMAN: I received yesterday a wire which was not legible, but this morning I have a better copy and I will read it now. It comes from the G.W. Robinson Company Limited, Hamilton, Ontario, and says:

The retail trade deserves recognition for having maintained a larger proportion of their employees during depression than any other branch of trade.

Hon Mr. COTE: Mr. Watson, we had yesterday a representative of the retail trade who said that he calculated his group totalled about 225,000 people, who will be contributors. And he estimated that the ratio of unemployment among them is about 5 per cent. Mind you, I am not accepting his figures. I am merely stating them. He concluded that the ratio of unemployment was so low that the retail trade should be given merit rating under the Bill. But if his figures are correct, that group represents more than 10 percent of all those who would be affected by the Act. Would you not say that if they were excluded you would have to change the actuarial basis of the Act?

Mr. WATSON: Yes, if those figures are correct the actuarial basis most certainly would have to be changed. Those remaining after the exclusion would have to pay

Hon. Mr. DUNDAS: Do you consider that those who

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Hon Mr. GORE: Mr. Watson, we had yesterday a

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excluded you would have to change the actuarial basis of

the Act?

Mr. WATSON: Yes, if those figures are correct the

actuarial basis most certainly would have to be changed.

Even so, after the exclusion would have to pay

higher contributions. There is no doubt about that. And very substantial difficulties of administration would be introduced, because there are not many wage earners who are in what you may call the leisure class so that when they lose a position in the retail trade they do not need to work any more; they have to look for work somewhere else. People shift from one group to another, and if one important group is excluded it complicates things enormously.

The CHAIRMAN: You mean that if we eliminate certain additional groups, the cost of administration will be greater and the revenue less, therefore you would have to increase the individual payments?

Mr. WATSON: I rather meant not the cost of administration but the difficulties of administration.

The CHAIRMAN: Suppose we eliminate then the grocery trade, all the retail trade, and wholesale hardware, the wholesale groceries, the wholesale dry goods and the financial institutions. Then the groups remaining would be narrowed. Could you still get on with the contributions of 25 cents by the adult male and 21 cents by the adult female?

Mr. WATSON: I do not think so. That would have to be gone into carefully. The figures would have to be reviewed, and certainly the administrative difficulties, when you have specific groups like that excluded, would be very great.

The CHAIRMAN: Let us go a step further. Suppose we include everybody, all the financial institutions--

Hon. Mr. DANIELURAND: And the clerical staffs.

The CHAIRMAN: Then the number of contributors would be very much larger. Could you not then reduce the contributions from 25 cents and 21 cents?

Mr. WATSON: The clerical staffs are in now, up to

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\$2,000.00.

The CHAIRMAN: not of the financial institutions.

Mr. WATSON: As to the financial institutions, the figures that I have from the Bureau of Statistics are to the effect that under paragraph (f) some 55, 000 would be excluded, according to the 1931 census. According to that census the total that we used as a foundation for the calculations ran I think to 1,700,000. So 55,000 is no a very large proportion.

The CHAIRMAN: Well, it would be a considerable contribution every week from 55,000 people.

Mr. WATSON: From the nature of the employment in this class (f) I should think the shiftings between that group and other classes are not so important. The shiftings are within that group itself, so that the inclusion or exclusion of it from that point of view would not be serious. If an attempt were made to exclude anything like the retail trade, while perhaps the shiftings are mainly within the retail trade itself, nevertheless I feel that almost at every turn the administration would be up against the most serious difficulties.

The CHAIRMAN: One or two other industrial groups claim, and present statistics in support of their claim, that their unemployment is less than among insurance, trust and loan companies, and in one instance in banks. How are you going to overcome their demand to be excluded?

Mr. WATSON: Well, I suppose in a measure of this sort it is necessary to proceed along fairly simple general lines. I have no doubt it would be possible to find some specific class in the retail trade, for example, with a very low rate of unemployment, perhaps lower than among banks or insurance companies. But I should say again that if one were to start in that way you would be headed for difficulties,

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because you have to exclude in fairly large groups, distinctions become invidious. So if we start to go over employments generally, merely with the view of finding out where there is a small degree of unemployment and where a high degree of unemployment, we probably would get nowhere. For example, I should say in the retail trade if you take that class who have been in the retail trade for fifteen years, or even perhaps for ten years, broadly speaking they are pretty good employees, they have made a place for themselves, and even when a firm becomes bankrupt they probably would be able to get something else without too long delay.

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So that even in almost the worst class of employment where there is any kind of stability at all there must be a substantial proportion who have regular employment. Now, these people might come forward and claim exclusion too.

Right Hon. Mr. MEIGHEN: Oh, yes.

Hon. Mr. DANDURAND: Let me put this question. You recognize clearly, and it stands to reason, that although a percentage of those engaged in a certain trade may not benefit by this legislation they will have to subscribe towards maintaining those who are unemployed. Now, why do you exclude those who can best pay their quarter, those in receipt of \$2,000 or more, since the principle is that the more secure in the trade will help the less secure. Why do you stop at \$2,000?

Hon. Mr. GRIESBACH: Up to general managers?

Hon. Mr. DANDURAND: Up to general managers.

Mr. WATSON: I suppose again that is a matter of policy. I suppose persons above \$2,000 should be expected to save for themselves, and in addition, that when they get to their class, from length of service and nature of work and so on, they have arrived at a position where unemployment must be rather unusual.

Hon. Mr. DANDURAND: But you are not answering my question. They are all the safer--those who receive above \$2,000--and the more able to contribute for the weaker.

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question. They are all the better--those who receive above \$2,000--and the more able to contribute for the

Mr. WATSON: Then I suppose it would come down, really, to taxation, wouldn't it? If we were to include those of a class who had no real prospect of unemployment, I suppose it would be taxation.

Right Hon. Mr. MEIGHEN: Isn't this the principle? Unemployment insurance is a plan for distributing over a large number the perils and dire consequences of unemployment. It is a scheme under which the state puts up a share in order to help that class. Consequently it should be spread over those who are in need of it, and the state should not be asked to contribute to those who are not in need of it at all. The state is doing a very substantial part of it. Now, why include in unemployment insurance benefits the fellow who is away up and has no right to the benefits at all, merely because he is in a position to contribute? The state would be contributing now, but I would stop at the point where it is reasonable to say a man should look after himself.

Hon. Mr. DANDURAND: Then you make a distinction between a man who feels safe and those that are not.

Right Hon. Mr. MEIGHEN: Safe or not, he ought to be able to look after himself.

Hon. Mr. DANDURAND: And he should be in duty bound to help the weaker.

Right Hon. Mr. MEIGHEN: We do that by income tax and other taxes.

Right Hon. Mr. GRAHAM: He has to contribute more than the other man to the general fund.

Right Hon. Mr. MEIGHEN: This is a class of people to whom the state is making a contribution. The state should not make it to people who are able to look after themselves.

Mr. WATSON: Then I suppose it would come down, really, to taxation, wouldn't it? If we were to include those of a class who had no real prospect of unemployment, I suppose it would be taxation.

Employment insurance is a plan for distributing over a class of people the cost of unemployment. It is a scheme under which the state puts up a share in order to help that class. Consequently it should be spread over those who are in need of it, and the state should not be asked to contribute to those who are not in need of it at all. The state is doing a very substantial part of it. Now, why include in unemployment insurance benefit the fellow who is away up and has no right to the benefit at all, merely because he is in a position to contribute? The state would be contributing now, but I would stop at the point where it is reasonable to say a man should look after himself.

between a man who feels safe and those that are not.

Right Hon. Mr. WATSON: Safe or not, he ought to be able to look after himself.

Hon. Mr. DUFFIN: And he should be in duty bound to help the weaker.

Right Hon. Mr. WATSON: We do that by income tax and other taxes.

Right Hon. Mr. GRANT: He has to contribute more than the other man to the general fund.

Right Hon. Mr. WATSON: This is a class of people to whom the state is making a contribution. The state should not make it to people who are able to look after themselves.

Mr. WATSON: I do not like to disagree with Senator Meighen's argument, but I am not sure that it will take us very far, because of the fact that the state is contributing. And you bring in the man over \$2,000 who, for present purposes, we may assume will not collect much in the way of insurance benefit. Really, the state--

Right Hon. Mr. MEIGHEN: He may.

Mr. WATSON: Well, he may in the odd case, but the state would not be contributing very much for the benefit of that group.

Right Hon. Mr. MEIGHEN: What would be the common sense of providing unemployment insurance for a man with an income of \$20,000 a year?

Hon. Mr. DANDURAND: He would subscribe his quarter, that is all.

Right Hon. Mr. MEIGHEN: The state would be helping that man. It would be absurd.

Hon. Mr. DANDURAND: There is one chance in a thousand that he will call on the fund.

Right Hon. Mr. MEIGHEN: He may just quit work.

Hon. Mr. MURDOCK: May I ask a question or two, Mr. Chairman?

The CHAIRMAN: Yes.

Hon. Mr. MURDOCK: Mr Watson, did you intend in this Bill to include railroad men, train and enginemen?

Mr. WATSON: Yes, sir, those are included.

Hon. Mr. MURDOCK: All of them?

Mr. WATSON: I think so.

Hon. Mr. MURDOCK: Let me ask you, under paragraph n on page 32, which reads:

"Employment otherwise than by way of manual labour and at a rate of remuneration exceeding

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in value two thousand dollars a year or in cases where such employment involves part time service only, at a rate of remuneration which, in the opinion of the Commission, is equivalent to a rate of remuneration exceeding two thousand dollars a year for full time service."

Would passenger engineers and conductors be excluded under that paragraph?

Mr. WATSON: Well, I suppose the responsibility for the interpretation of this paragraph will rest with the Commission. I should have some doubt about conductors, but I should think engineers would be included.

Hon. Mr. MURDOCK: Well, I asked a distinguished member of this Committee the other day if a passenger conductor was engaged in manual labour, and he said no, he didn't think so. To me, of course, that is an absurdity, but I think it should be known while the Bill is being framed.

Right Hon. Mr. MEIGHEN: You think the conductor is a manual labourer?

Hon. Mr. MURDOCK: Most unquestionably he is, because, depending on what may happen on the road, you may find him one of the hardest worked men. He may be on a passenger train to-day and on a freight to-morrow, where he is carrying barrels of oil, or bags of sugar. If you are going to say he is not--

Mr. WATSON: I do not wish to say, really.

Hon. Mr. MURDOCK: But I think it should be definite, I do not think there should be any misunderstanding about it. As a railroad man I think that possibly these men

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Mr. WATSON: I do not wish to say, really.

Hon. Mr. MURDOCK: But I think it should be definite.

I do not think there should be any misunderstanding about

it. As a retired man I think that possibly these men

are desirous, and should be required to do their bit in maintaining this fund.

Now, let me ask another question. On page 33 you have the schedule of weekly rates of contribution, under which men over twenty-one pay 25 cents and women 21 cents. Then at the bottom of the page you say:

"A weekly contribution shall be payable for each calendar week during the whole or any part of which an employed person has been employed by an employer."

If a section man works five days in the week and is off the other days, he will pay 25 cents?

Mr. WATSON: Yes.

Hon. Mr. MURDOCK: DOES that mean 25 cents for each week or part thereof?

Mr. WATSON: Each week, and he only pays once for each week.

Hon. Mr. MURDOCK: But he pays 25 cents for each week?

Mr. WATSON: Yes.

Hon. Mr. MURDOCK: Then let us go to the train or engineman, who works ten or twelve days in a week. What would be pay?

Mr. WATSON: I think he would pay only one week.

Hon. Mr. MURDOCK: Would that be playing fair with the section man?

Mr. Watson: He only gets benefit from that one week, no matter how much he may work.

Hon. Mr. MURDOCK: Then, at the other end, when he get the benefits it would be equalized.

Mr. WATSON: He would only get the same benefits as any other person.

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Now, let me ask another question. On page 28

the law is written as follows: "The board of directors

under which men over twenty-one pay 25 cents and women

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Hon. Mr. MURDOCK: Then, at the other end, when he

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Mr. WATSON: He would only get the same benefits

as any other person.

Hon. Mr. MURDOCK: Would it be fair to say "for each calendar week or each six days' pay" or not?

Mr. WATSON: What you have in mind is that a man should contribute for the period he actually works within the week.

Hon. Mr. MURDOCK: I didn't know what the intention was.

Mr. WATSON: As it stands, he contributes for the full week, but when it comes to collecting benefits, if he has worked for any periods it is only periods that he has worked which will count. If he has paid for any periods which do not count, those contributions will be refunded to him.

Hon. Mr. MURDOCK: Then a man who worked for 35, 40 or 45 days in a month, and has been paid for that time, would pay only 25 cents a week.

Mr. WATSON: For four weeks.

Right Hon. Mr. GRAHAM: You measure your weeks by trips?

Hon. Mr. MURDOCK: No.

Right Hon. Mr. GRAHAM: Then how do you get 35 days in a month?

Hon. Mr. MURDOCK: Because one hundred miles in service and eight hours are actually--

Right Hon. Mr. GRAHAM: That is really by the trip.

Hon. Mr. MURDOCK: The reason I am asking these things is that I think they should be cleared up.

Then the Railway Association made a proposal the other day to include in section 25 a paragraph which I presume was intended to apply to trainmen and enginemen; and reading this way:

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other day to include in section 35 a paragraph which I

presume was intended to apply to firemen and engineers

and reading this way:

"(d) Persons engaged in the operation of trains whose normal period of employment during each month is, under agreement made between employers and representatives of employees, limited by reference to the number of miles run."

That would be one of the classes that the Commissioner might exclude from the operation of the Act.

Mr. WATSON: I could not give an offhand opinion about a matter as complicated as that.

Hon. Mr. MURDOCK: Is section 25 intended to give the Commission authority to exclude?

Mr. WATSON: No, it is rather to give them power to adapt the primary provisions of the Act to classes of employment where, if there were no adaptation, anomalies would arise. That is what it is intended for.

Hon. Mr. MURDOCK: Is not one of the primary provisions of the Act the intent that the workmen shall pay 25 cents for each days' work?

Mr. WATSON: He pays 25 cents if he only works one day in the week. When he collects benefits for the first time, if he has paid contributions for periods for which he did not work, he will get a refund of those contributions.

Hon. Mr. MURDOCK: What would happen if he had contributed for six days when he had worked for twelve?

Mr. WATSON: That would be only a week.

Mr. O'CONNOR: Suppose he works three railway days--not days by the clock, but days as computed by the railway?

Mr. WATSON: I should think if he makes his contribution--if he goes on the job at all his employer has to stamp his employment book for that week.

Mr. O'CONNOR: He would have three railway days,

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Hon. Mr. MURDOCK: Is section 25 intended to give
 the same benefit to all?

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Mr. WATSON: I should think if he makes his
 contribution--if he goes on the job at all his employer

is bound to pay him the same rate.

Mr. O'CONNOR: He would have three railway days,

which would be only two days by the clock.

Mr. WATSON: The Bill as it stands provides that his book must be stamped if he works at all.

Hon. Mr. MURDOCK: Would it not be complying with the principle, and be fairer and safer and more definite, to say "for each six days's pay earned", because that is the intent, you tell me?

Mr. WATSON: I think again you would run into difficulties. I know that in England difficulties have arisen by reason of the employment of professional football players. These men, for perhaps one engagement in the week, or two at most, earn more than many others earn working say twelve days a week, if you wish. They get very high pay. They are not employed the other days. They are engaged by the club or association, and are paid for the full week, but except for perhaps two days a week they are free to do what they like to do.

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(4 follows)

(Mr. Watson continued)

So the matter you refer to probably requires a good deal of consideration. Perhaps it is a matter the Commission should go into very thoroughly, but at this moment I could not say.

Hon. Mr. MURDOCK: It is a condition, Mr. Watson, that affects 24,000 or 25,000 workmen.

Right Hon. Mr. MEIGHEN: You have read, Senator, Part II, page 33?

Hon. Mr. MURDOCK: Yes.

Right Hon. Mr. MEIGHEN: This is Part II of the Second Schedule:

"A weekly contribution shall be payable for each calendar week during the whole or any part of which an employed person has been employed by an employer:

Provided that where one weekly contribution has been paid in respect of an employed person in any week, no further contribution shall be payable in respect of him in the same week, and that, where no remuneration has been received, and no services rendered by an employed person during any such week, the employer shall not be liable to pay and shall not pay any contribution either on his own behalf or on behalf of the employed person for that week?

Provided further that the employed person shall be entitled to a refund of contributions paid by him for any days of any such week (exclusive of any fraction of a day) in respect of which he proves that he was unemployed within the period of five years immediately preceding the date on which he

THE SENATOR

TO THE SENATE

OF THE STATE OF NEW YORK

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THE SENATOR

Mr. Watson, that affects \$4,000 or \$5,000 women.

Right Hon. Mr. Watson: You have read,

Senator, Part II, page 83?

Right Hon. Mr. Watson: This is Part II

of the Second Schedule:

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each calendar week during the whole or any part

of which an employed person has been employed by

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portion of a day in respect of which no contribution

has been paid or shall be payable in respect of that

portion of a day in respect of which no contribution

makes application for unemployment benefit, and the whole of the refund to which he may be so

entitled shall be payable to him at the same time as the first payment of unemployment benefit is payable to him on that application."

That seems pretty clear.

Hon. Mr. MURDOCK: But you will recall that Mr. Flintoft the other day impressed on the Committee the fact that a train or engine man might make his full month's pay in three weeks, and the company did not want to be penalized for unemployment insurance for that remaining week.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. MURDOCK: That is the position he took, and a very consistent one. It seems to me if the principle of the Bill is that a workman shall pay 25 cents for a week's work--presumably six days' work--why should not the Bill in specific terms say so and make the day's pay govern?

Mr. WATSON: Would you suggest that where a man works--take an extreme case--twelve days a week, he should pay two contributions?

Hon. Mr. MURDOCK: I should hope we would all play fair with the under-dog. I am thinking of the section-man in terms of the other fellow. The section-man has no opportunity of securing other than a day's pay.

Right Hon. Mr. GRAHAM: Senator, could the man who works twelve days in a week get a higher rate of unemployment insurance compensation than the other man?

Hon. Mr. MURDOCK: Let me stress my point a

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Hon. Mr. MURDOCK: Let me stress my point a

little further. In the Senate Hansard of 1932-33, pages 94 to 108, will be found schedules of compensation paid certain employees in the railway running trades, showing days reported, hours worked, miles paid for, and the amount of money received by ten men in each class on each division of both the big railways. Let us take as an example freight conductors on the British Columbia district. The first one worked 27 days, 241 hours in the month, miles paid for 4,273, amount received \$274.16. That represents 42 days plus. The next one worked 30 days, 308 hours,--100 hours over the working time having regard to one day's rest in seven, and so forth--miles paid for 5,494, amount received \$350.50. Now I take freight brakemen, a lower class. I find one man worked 18 days, 201 hours, miles paid for 3,544, amount received \$179.66. He is paid for 35 days. I am trying to find out whether they will be liable for \$1 a month.

Right Hon. Mr. MEIGHEN: You think they should be liable for the days they are really paid for on the basis of their pay?

Hon. Mr. MURDOCK: If this Bill is going to play fair as between man and man, yes, the question of days' pay earned surely has something to do with the intent of this Bill.

Mr. WATSON: As it stands, I think undoubtedly the effect is that any day in the week anybody works he pays. The first day he works his contribution is paid. I should say it is not a matter how much more or less he works.

Hon. Mr. GRIESBACH: Then you come to the compensation at the other end.

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THE CHAIRMAN: Yes, that is the question.

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HON. MR. GRIMSBACH: Then you come to

the compensation at the other end.

Mr. O'CONNOR: If a man works 15 days, although paid for 42 days in the month on the railway basis, is he eligible for unemployment relief for the days he loafs?

Hon. Mr. MURDOCK: Here are other illustrations of men working for only a part of the month. For instance, here is a case of a man working 13 days and making 41 days' pay.

Mr. O'CONNOR: Mr. Murdock's point is that you have this class of employees working not on the basis of the clock but on a mileage basis.

Hon. Mr. MURDOCK: I think they should pay uniformly and consistently with the section-man or with the other lower paid classes of workers.

Mr. WATSON: I suppose this is probably not altogether an actuarial problem, but undoubtedly it is a matter that should be investigated. In that regard I should say that after the Act is passed it will be some time before it actually gets into operation, and during that period I suppose a very close study can be given by the Commission to those difficulties.

Right Hon. Mr. MEIGHEN: Not if you pass the Bill as it is.

Hon. Mr. MURDOCK: Is it not, Mr. Watson, a question of principle and nothing else? That is all I am discussing.

Mr. WATSON: I cannot answer offhand. I know in England they have special regulations dealing with the class of persons just mentioned, who in one or two days of the week earn a week's or more than a week's pay. For his time he may earn pay for a week and a half. They have special

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Possibly we should have special regulations dealing with persons who in part of a month earn a month's or a month and a half's pay.

Hon. Mr. MURDOCK: Let me ask another question, Mr. Watson, leaving the railroad workers for the moment. The other day the case was discussed of a workman employed four months a year in a saw-mill, and it was held that under the Act if he worked four months each year continuously he could never under any circumstances draw unemployment benefits although he would have contributed for each week of the four months that he worked.

Mr. WATSON: That would be so if you assume that during the rest of the year he is a man of leisure. If he does work in another kind of assured employment then his position would be different.

Hon. Mr. MURDOCK: HE probably went on a farm or in some other exempted employment. If that man worked five months in the saw-mill this year and five months next year, he would under the Act be eligible to be paid unemployment benefits?

Mr. WATSON: The unemployment insurance would cover him only for the season during which he customarily worked in the saw-mill. If next year he were to look for his job in the saw-mill, and could not get it, and went habitually on the farm, he could not make out a case for unemployment insurance.

Mr. MURDOCK: Couldn't he make out a case of unemployment insurance at the end of the second year's five months when he was laid off?

Mr. WATSON: At the end of the season?

Hon. Mr. MURDOCK: At the end of the five

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employment then his position would be different.

Hon. Mr. MURDOCK: In that case
a term or in some other exempted employment. If
that man worked five months in the saw-mill this year
and five months next year, he would under the Act be
eligible to be paid unemployment benefits?

Hon. Mr. WATSON: I think he would
would cover him only for the season during which he
worked in the saw-mill. If he worked
were to look for his job in the saw-mill, and could
not get it, and went habitually on the farm, he could

Hon. Mr. MURDOCK: I think that is
the case of unemployment insurance at the end of the

second year's five months when he was laid off?

Mr. WATSON: At the end of the season?

Hon. Mr. MURDOCK: At the end of the five

months wouldn't he have a claim that he had worked forty weeks within the last two years and therefore was entitled to unemployment insurance?

Mr. WATSON: No. This is a seasonal occupation you are speaking of now. His insurance would only be for his employment season if he were engaged during the rest of the season in an uninsured employment.

Right Hon. Mr. GRAHAM: On a farm, for example.

Mr. WATSON: Yes

The CHAIRMAN: Any further questions?

Hon. Mr. COTE: I think, Mr. Watson, you stated you had estimated that in 1931 there were 35,000 contributions in the financial group classification.

Mr. WATSON: That is the figure furnished by the Bureau of Statistics of the number excluded under Part II, paragraph (f) of the first schedule.

Hon. Mr. Cote: Did you estimate that their ratio of unemployment was?

Mr. WATSON: in 1931 they had a little over three weeks on the average.

Hon. Mr. COTE: THREE weeks?

Mr. WATSON: Yes

Hon. Mr. COTE: What percentage?

Mr. Watson: The percentage of unemployment--

Hon Mr. DANDURAND: That would not be an average year taken in normal times?

Mr. WATSON: No, sir.

Hon. Mr. DANDURAND: Because we were in the

month wouldn't he have a claim that he had worked

that week after the day the work was done?

was entitled to unemployment insurance?

Mr. Watson: No. This is a seasonal

employment, and it is possible that he had worked

that week after the day the work was done.

He would have been entitled to unemployment

insurance.

Right Hon. Mr. Graham: On a farm, for

example.

Mr. Watson: Yes.

He would have been entitled to unemployment

insurance.

Would you not estimate that in 1931, when

the unemployment was at its highest, it was

classified.

Mr. Watson: That is the figure

furnished by the Bureau of Statistics of the

United States.

Mr. Watson: Yes.

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Hon. Mr. Cote: What percentage?

Mr. Watson: The percentage of unemployment--

Hon. Mr. Dandridge: What would that be?

Mr. Watson: It would be about 15 per

cent.

Mr. Watson: Yes.

Mr. Watson: Yes.

Mr. Watson: Yes.

depression.

Mr. WATSON: That was a bad year. The total percentage losing some time during the year--I should explain that is losing some time from all causes--would be pretty close to 11 percent.

Right Hon. Mr. MEIGHEN: In the financial group?

Mr. WATSON: In the financial group.

Right Hon. Mr. MEIGHEN: Of course, the larger part of that would be in brokerage offices.

Mr. WATSON. Yes. It is more than 11 per cent, it is about 12 $\frac{1}{2}$ per cent.

Right Hon. Mr. MEIGHEN: I suppose if the Committee felt Senator Murdock's point is good, and it was well to provide for men paid on a different basis from the clock, that is on a mileage basis relating to the day, the proper way would be to enable the Commission to do it by regulation?

Mr. WATSON: I think that would be a very safe way. Then the Commission could examine into the situation in all its details and take all the time necessary.

Right Hon. Mr. MEIGHEN: Meantime those men would pay the same as others until the Commission had worked out something accurately.

Mr. WATSON: Yes.

Hon. Mr. MURDOCK: If you are going to take into consideration later the days unemployed, what would be the objection to placing the contributions in the first place on the days earned?

Mr. WATSON: That is a pretty big question.

Hon. Mr. MURDOCK: In other words, six days' pay earned.

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Mr. WATSON: That is a rather fundamental case, and it would have to be examined. It might mean a great deal of difficulty in administration, I don't know. It would have to be scrutinized very very closely. Simplicity of administration is one thing above all others I should say on the start we should hold to. If we can make the thing work on a simple basis, later get the staff arranged and all that sort of thing, then refinements probably could be introduced.

(E-1 follows)

Hon. Mr. MURDOCK: Mr. Watson, you may be entirely right, but according to what you say now I understand that no one can benefit under this scheme until he has paid contributions for forty full weeks. Then you have got to check up and ascertain from the, if they make the claim, how many days they were off this week when they paid their 25 cents, how many they were off in another week, and so on, over a period of maybe, in the case of the sawmill men, two years. Now would it not be simpler to put it that a weekly contribution shall be payable for each calendar week of six days?

Mr. WATSON: I cannot say. It might be the right way of doing it. But so far as checking up a man's record in the past, when a man is unemployed he must register at the exchange.

Hon. Mr. MURDOCK: But then his efforts might be to show that he was employed all the time, whereas investigation might disclose that he was off a day or two days in many of the weeks.

Mr. WATSON: Well, they would check up from the employers too. They get returns from the employers all along.

Hon. Mr. MURDOCK: Let me ask you, what is the difference whether he is employed or not so long as he pays his contribution of 25 cents?

Mr. WATSON: Oh well, this is unemployment insurance, and a man pays while he is employed and gets benefits while he is not employed. If you put it on any other basis I should say there would be every opportunity for fraud and collusion. For example, forty weeks' contribution is necessary before a man can start to draw benefit. Well

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suppose a man is a poor sort of workman and does not do much work, and he sticks his own stamp on until he is in a position to draw benefit, that would make a difference, would it not?

Hon. Mr. MURDOCK: He would not put the employer's stamp on, would he?

Mr. WATSON: HE would put his own stamp on.

The CHAIRMAN: There is one thing I would like to ask Mr. Watson or Mr. Finlayson, or anyone else who can answer the question. A statement was made by the representative of the Retail Merchants' Association that they had taken a census in Ottawa, among a group of employees numbering 400, and, if I remember correctly--

Hon. Mr. GRIESBACH: The group numbered 400, but they got 257 replies only, and 61 favoured the scheme while the whole of the remainder opposed it.

The CHAIRMAN: That came as a surprise to me. Since then I have made some inquiries, and I have got some inquiries out just to find the attitude of employees. Generally speaking, so far as I have gone, I find that the employees who are presently working do not favour this scheme at all. There is a case that I know of where one firm employs 600 persons, and a canvass of 156 of them-- I am speaking only from memory, but I have a memorandum in my desk--showed that every one of the 156 was opposed to the scheme. They were asked why, and they said "We do not know why we should put up 25 cents of our earnings every week, because we are not unemployed and we are not likely ever to be. So we are not likely to get anything out of it." Something said by Senator Graham yesterday led me to believe that he was getting the same reaction.

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led me to believe that he was getting the same reaction.

If that is the general attitude, why are we putting such a law into effect?

Hon. Mr. MURDOCK: The answer is--

The CHAIRMAN: Just a minute, Senator Murdock. This measure affects only those who are presently employed.

Right Hon. Mr. MEIGHEN: Yes.

The CHAIRMAN: Then why should the Government put any such legislation into effect?

Hon. Mr. MURDOCK: The answer surely is, Mr. Chairman, "I am my brother's keeper". Those who oppose the scheme are only human in trying to evade their responsibility.

The CHAIRMAN: Well, that does not satisfy me, Senator Murdock.

Hon. Mr. COTE: This is good for the body politic. It is very difficult to draw an accurate conclusion of what the true sentiment is. I received a letter from an employee in a large institution. He said, "Don't believe what the boss says at all. I have been over the whole body of employees, and they are 100 per cent in favour of the scheme."

The CHAIRMAN: The information I have got has not been from the bosses but from the people who are going to put up the 25 cents, the employees. I am asking for information, because to me it seems not only an anomaly but almost an absurdity to put through legislation that is not wanted.

Hon. Mr. BALLANTYNE: But did the men you speak of understand the scheme?

Hon. Mr. TANNER: Suppose 500 of those men were thrown out of employment to-day, and had no expectation of getting work for some time, would they want relief, or would they take relief?

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Hon. Mr. TARNER: Suppose 500 of those men were thrown

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work for some time, would they want relief, or would they

take relief?

The CHAIRMAN: The difficulty is that people who are now working do not want to contribute.

Hon. Mr. BALLANTYNE: That is because they do not understand the scheme.

Right Hon. Mr. MEIGHEN: Of course, Mr. Chairman, if you sent a questionnaire out among all income tax payers, to find out whether they were in favour of an income tax, they would say they are not.

The CHAIRMAN: To me it is a bothering question.

Right Hon. Mr. MEIGHEN: There is a measure of taxation in it, and on that account any poll would show people against it. But that does not mean we should not go ahead with it, although I regret there are so many against it.

Hon. Mr. COTE: Why is it necessary for a life insurance agent to interview a prospect ten or twenty times before he can convince him that life insurance is a good thing?

The CHAIRMAN: He does not make the interviews to convince the prospect that life insurance is good thing; he does it to get his commission.

Hon. Mr. COTE: But why has he got to make twenty calls before he can convince the prospect that it is good.

The CHAIRMAN: We are not all sure it is.

Hon. Mr. BRAUBIEN: Is it not a fact that the man who is perfectly secure does not want protection?

The CHAIRMAN: It is something that we can think over.

Mr. TOM MOORE: Mr. Chairman, I would like to say that the best expression of opinion, and perhaps the only accurate one, can be got from those who continuously study the problem and know something of it. The organized workers

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Mr. TOM MOORE: Mr. Chairman, I would like to say that the best expression of opinion, and perhaps the only accurate one, can be got from those who continuously study the problem and know something of it. The organized workers

therefore are in a better position to give an opinion as to what is the general sentiment than are individual citizens who have not taken the trouble to make a study of the question. Throughout the length and breadth of this country the organized employees have expressed themselves as desirous of this measure. On top of that, church associations to which these employees in many cases belong have almost unanimously expressed the opinion that they desire this. Service clubs, social organizations, and municipal councils who represent the people as tax payers, have passed resolution after resolution asking for this. Therefore you have an almost unanimous expression of opinion that it is necessary and desirable, an opinion from those who have devoted time to the study of the matter. If we go to the individual who is working and has not been out of employment for some time, and ask him if he wants to contribute to a scheme of this kind, naturally he will say "no, because I don't think I will benefit." As one honourable member has said, if they took time to study the far reaching effects of the scheme they would see it differently. Organized workers have done that. Therefore I do not think the expression of opinion that comes from individuals should be taken too seriously. The questionnaire referred to yesterday by Mr. Hougham did not put to the employees a true picture. The answer would probably have been different if all the employees understood that after contributing for five years if anyone of them got out of work he could draw full benefits for himself and dependents for a whole year. If those same employees who now oppose the scheme were to get out of work and not know where to find another job, they would be the first ones who would come to you and ask for unemployment insurance. Economic conditions to-day make such a scheme

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know where to find another job, they would be the first

ones who would come to you and ask for unemployment

insurance. Economic conditions to-day make such a scheme

as this necessary. And, as I have already said, workers throughout the length and breadth of this country have expressed themselves through their labour organizations, through church clubs and through social organizations of various kinds, unanimously in favour of unemployment insurance.

The CHAIRMAN: That is what I would expect, Mr. Moore, but yet in the group to which I referred all the men were members of a labour organization, and all said they did not want this measure.

Hon. Mr. MURDOCK: Mr. Chairman, I do not think you would get that expression of opinion from anyone of the thousands of unemployed workers in Canada.

The CHAIRMAN: But they are not going to benefit.

Hon. Mr. MURDOCK: Not now, but we hope that some day the measure may be applicable to those who are out of employment.

Right Hon. Mr. MEIGHEN: They see the other side of the shield.

Hon. Mr. MURDOCK: It is of course human nature not to pay when you think you will not benefit. There has been some discussion about the man who receives \$2,000 a year. He is exempted, and he does not have to pay any income tax. Personally I do not see why he should not be able to put a little ante in the kit for somebody else less fortunate.

Right Hon. Mr. MEIGHEN: If you go on in that way you may get to the point where you would be providing unemployment insurance for Senator Ballantyne and Senator Brown.

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Hon Mr. MURDOCK: They may need it. But,
 Mr. Chairman, I think we should not pay a particle of
 attention to the alleged arguments against the principle
 of this Bill. We hope that the people who are now
 working will continue to work and not need the benefits
 from this Bill, but that is no reason why they should not
 pay a little towards helping those who may be no so fortunate
 in the future.

Hon. Mr. FOSTER: Mr. Chairman, I do not think there
 is any member of this committee who is against the principle
 of insurance. We are now discussing ways and means of
 working out a Bill to insure people against unemployment
 and I think the speediest way would be to get down to the
 details.

Some Hon. MEMBERS: Hear, hear.

The CHAIRMAN: This discussion has been very
 interesting, Senator Foster.

Right Hon. Mr. GRAHAM: Although this measure has
 its injustices, the main feature of it that appeals to me is
 that we are laying a foundation to provide against
 unemployment in future. Unemployment to some extent will
 continue as long as we live, and we are taking steps to
 prepare ourselves to meet it in the future in a better way
 than we were able to meet it this time.

Hon. Mr. LAIRD: So that we shall not have a
 repetition of present conditions.

Right Hon. KILNEY GRAHAM: That is the chief feature,
 to my mind. I am in favour of doing that.

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to my mind. I am in favour of doing that.

(7 minutes)

The CHAIRMAN: Now, gentlemen, we have some others who desire to be heard on this Bill. Mr. Kilgour, the General Manager of the North American Life is here, and Mr. Leonard.

Is Mr. Leonard with you, Mr. Kilgour?

Mr. KILGOUR: Yes, Mr. Chairman.

The CHAIRMAN: All right, Mr. Kilgour. You want to tell us why we should take in your group of institutions.

Mr. KILGOUR: Hardly. I represent more specifically the life insurance companies. However, we are a member company of the Dominion Mortgage and Investments Association, and I have also been asked to speak on behalf of the mortgage companies.

The exemption in the present Bill provides specifically, in paragraph (f) of Part II of the first schedule, for "employment in banking, mortgage, loan, trust, insurance or other financial business." We, of course, in this representation are not concerned with the banking and other financial business, but with the mortgage, loan, trust and life insurance companies. In the draft of the present Bill these companies, after very considerable thought, have been eliminated or exempted from the provisions.

Right Hon. Mr. MEIGHEN: Who gave it the considerable thought?

Mr. KILGOUR: The Government, I presume.

Now, in Great Britain the insurance companies have very definitely been excluded, or allowed to contract themselves out. However, they have adopted a scheme of their own which, I believe, has worked entirely to

The Chairman: Now, gentlemen, we have some
others who desire to be heard on this Bill. Mr.
Wilgus, the second speaker in the order of business.
Life is here, and Mr. Leonard.
Is Mr. Leonard with you, Mr. Wilgus?
The Chairman: Yes, Mr. Leonard.
The Chairman: All right, Mr. Wilgus, please
to tell us why we should take in your group of
companies.
The Chairman: Now, Mr. Wilgus, I understand that you represent
the life insurance companies. However, we are a member
company of the Dominion Mortgage and Investments
Association, and I have also been asked to speak on
behalf of the mortgage companies.
The exemption in the present Bill provides
specifically, in paragraph (1) of Part II of the first
schedule, for exemption in banking, mortgage, loan,
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Right Hon. Mr. McILHEN: Who gave it the considerable
weight?
The Chairman: I believe.
Now, in Great Britain the insurance companies have
very definitely been excluded, or allowed to contract
themselves out. However, they have adopted a scheme
of their own which, I believe, has worked entirely to

the satisfaction of the business. One of the reasons, I take it, why they were exempted, is the fact that in Great Britain their rate of unemployment was less than one-third of the general rate of unemployment. In this country, I believe, the rate of unemployment among the financial institutions--and I speak more particularly for the life insurance companies-- is very much less than one-third of the general rate.

May I say here that I have not had an opportunity to get the figures for other life insurance companies or other financial institutions. I can, however, speak very definitely for the company with which I am connected.

I have been connected with the North American Life Insurance Company now for over thirty years, and I cannot recall one case of unemployment in that time where the employee would have been entitled to a benefit under this Act.

Now, largely speaking, so far as the head offices are concerned, I think there are about 60 per cent of women working and 40 per cent of men. The wages or salaries of the rank and file are admittedly not high. In times of prosperity or business activity there is more turn-over in the staff by reason of employees going into other businesses where larger remuneration is offered. In the case of women practically the only turn-over is when they get married. I leave it to you whether that represents unemployment or not.

One further consideration I wish to submit here is this, and I am speaking now more particularly for the life insurance companies; the leading life insurance companies have schemes of their own, pension schemes, if you wish to call them that, under which

the satisfaction of the business. One of the reasons, I think, for the fact that the rate of unemployment was less than one-third of the general rate of unemployment. In this country, I believe, the rate of unemployment among the financial institutions--and I speak more particularly of the banks--is less than one-third of the general rate.

May I say here that I have not had an opportunity to get the figures for other life insurance companies or other financial institutions. I can, however, speak very generally of the situation in the life insurance industry.

Insurance Company now for over thirty years, and I cannot recall one case of unemployment in that time. I think the reason for this is that the industry is very stable and the work is very regular.

Now, largely speaking, so far as the home offices are concerned, I think the situation is very different. In times of prosperity or business activity there is more turn-over in the staff by reason of employees being promoted or leaving to start their own business. In the case of women practically the only turn-over is when they get married. I leave it to you whether that represents unemployment or not.

is this, and I am speaking now more particularly for the life insurance companies; the leading life insurance companies have schemes of their own, pension schemes, if you wish to call them that, under which

the employee and the employer make a very substantial contribution.

Hon. Mr. BALLANTYNE: Is your company exempted under the Act?

Mr. KILGOUR: It is exempted under the present Act.

Hon. Mr. BALLANTYNE: Are you making your argument in the fear that it may be changed?

Mr. KILGOUR: Precisely so.

Each employee contributes 5 per cent of his salary, and the company contributes another 5 per cent. That is for moderate salaries. That amount is allowed to accumulate at the rate of interest earned by the company, and the funds are looked after by the company; they are merged with the companies' funds, and become a company liability, and at retirement age the employee receives a pension equal to what the accumulated amount will purchase at the retirement age. If the employee leaves the service of the company for any reason he is in all cases permitted to withdraw his own money; in certain cases, after a certain time with the company, he has vested interest in the contribution of the company as well. I submit that in so far as the possible needs of the employees are concerned through unemployment, the contribution already in the fund would be sufficient to take care of any employee during the period of unemployment.

Hon. Mr. GRIESBACH: But that is a pension fund.

Mr. KILGOUR: It is, but it helps also, indirectly, to assist an employee if unemployment should occur.

Hon. Mr. GRIESBACH: How? It might be so in your experience, but it is not an unemployment fund.

Mr. KILGOUR: If an employee has a stake of \$2,000

the employee and the employer make a very substantial contribution.

Is your company exempted

from the Act?

MR. KILGOUR: It is exempted under the present Act.

Hon. Mr. BALDWIN: Are you making your argument

in the fear that it may be changed?

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Hon. Mr. GRUBBACH: How? It might be so in your

opinion, but it is not an unemployment fund.

MR. KILGOUR: If an employee has a stake of \$2,000

or \$3,000 in the fund it is available to him, and in certain cases he also has a vested interest in the contribution of the company.

The CHAIRMAN: The ordinary insurance scheme adopted by many financial houses?

Mr. KILGOUR: Yes. I am speaking more of our own business, but the banks also, and the leading insurance companies, and presumably other financial institutions as well have it.

Hon. Mr. BAILLANTYNE: Suppose a man works in your company for 40 weeks, and no more, he would not come under any scheme of yours?

Mr. KILGOUR: No. But I am telling you as a matter of principle, and also as a matter of fact, particularly in relation to life insurance companies, that there is no such thing as that kind of unemployment. Let me explain to you. During the period of depression, when there has been the greatest unemployment, while the life insurance companies and mortgage companies suffered as well as others, there has actually been more work for employees than during the period of prosperity. I am speaking now of the rank and file of employees. There are far more policy loans to look after, far more difficulties in the investment department, two or three times the number of charges involved. These are all services to our policy holders. While we have not taken on a great number of new employees we have religiously, almost, refused to dismiss any employee. In the first place, we did not wish to do it; in the second place we always felt that our salaries on the whole had not been large, and that that was a liability we had to assume; and in the third place, particularly,

or \$3,000 in the fund it is available to him, and in certain cases he also has a vested interest in the contribution of the company.

THE CHAIRMAN: The witness has answered the question.

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that we did not require to dismiss any life insurance employee, because there has been more employment during the period of depression than before.

There is one other circumstance which I think applies to life insurance companies particularly. While the total business for a year or two actually receded, and new business was considerably less than before, the assets of practically every life insurance company in Canada increased during that period. So, at least in respect of the investment end of the business, there has been more work for our employees. As a matter of fact, even with the increase in their numbers, our employees have worked a great deal harder during the last four or five years than they had to work before.

I wish also to submit this circumstance, that in the Act there is a mandatory provision that the Commission shall investigate any class of employees who should be brought under the Act, if it should develop---

Right Hon. Mr. MEIGHEN: That is only in case of anomaly.

Mr. KILGOUR: That is very likely true, but if it should develop that there was an anomaly in the exemption of life insurance employees, I take it that could be remedied at a future time. I lay great stress on the fact that in Great Britain, where there is a more profound state of unemployment, the life insurance companies have been very definitely exempted.

Right Hon. Mr. MEIGHEN: Is it not true that commissions investigating there later reported against exemptions, and questioned the wisdom of contracting out?

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Right Hon. Mr. McLEOD: Is it not true that

commissions investigating there later reported against exemptions, and questioned the wisdom of contracting out?

Mr. KILGOUR: I cannot say that.

Right Hon. Mr. GRAHAM: But they did not interfere with those who had contracted out.

Right Hon. Mr. MEIGHEN: No.

Mr. KILGOUR: In any event, I submit, without a knowledge of exact figures, that there has been much less unemployment among life insurance companies in Canada than there has been in Great Britain. Their population has been stationary. Ours has been increasing. Our business has been pyramiding. Except for our agents I think I could safely say that in the life insurance companies--and I think I could also speak for the mortgage companies--there has been practically no unemployment.

Right Hon. Mr. MEIGHEN: There is among your agencies?

Mr. KILGOUR: Yes, there is among the agencies. The agents are, of course, by and large, remunerated by commission. It is perfectly true--I do not know that I would care to quote it against the companies--but I think we have altogether too many life insurance agents. We have taken on a great many of the unemployed in the last few years, and in that respect all the life insurance companies have made a very definite contribution.

The agents are paid by commission, so much the first year and so much renewal commission.

Right Hon. Mr. GRAHAM: And you give them advances.

Mr. KILGOUR: You have a few advances in your company, I guess, senator.

Right Hon. Mr. GRAHAM: I thought the practice might be universal.

Mr. KILGOUR: I cannot say that.

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fer with those who had contracted out.

Right Hon. Mr. MELLOR: No.

Mr. KILGOUR: Is not the fact that there has been much

knowledge of exact figures, that there has been much

information as to the number of persons who have

contracted out? Is not the fact that there has been

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for our agents I think I could easily say that in the

last few years there has been a great increase in the

agents for the mortgage companies--there has been

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Mr. KILGOUR: All but.

The payment of the renewal commission stabilizes the income of the agent. After the agent has been with the company a few years, and has proven himself, even though he may be unable to get much new business, and that has been the experience in the past few years, particularly among the older agents, his renewal commissions have been sufficient to support him during the depression.

There is a very considerable turn-over among life insurance agents during the experimental stage, and when the agents are let out it is for the very definite reason that the companies do not believe they are going to be successful.

Right Hon. Mr. GRAHAM: You are in this difficulty, which I think it common to all companies, that you have to experiment with quite a large number of prospective agents before you get one who will develop into a really successful agent.

Mr. KILGOUR: You are quite right. We have provided employment for a great many people in the past five years.

Now, after all, and here again I am speaking more definitely for the life insurance companies, any additional burden placed on the companies would really be placed on the policy holders, who would be assessed for their share.

Mr. KILGOUR: All out.

The payment of the renewal commission stabilizes the income of the agent. After the agent has been with the company a few years, and has proven himself, even though he may be unable to get much new business, and that has been the experience in the past few years, particularly among the other agents, his renewal commissions have been sufficient to support him during the depression.

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(Mr. Kilgour)

I do not think there is any necessity, unless you are taking the position that the life insurance companies as such and the mortgage companies as such should be taxed so as to make this Act Successful. I think I may say, however, representing the life insurance companies, that we consider we are the most heavily taxed organizations in Canada to-day.

Hon. Mr. Parent; How many persons would be covered by your representation?

Mr. KILGOUR: I regret very much that I was only advised by wire last night to appear here to-day and I have not been able to get figures. I discussed the matter with Mr. Watson this morning, and we could make no more than an estimate. I notice there are some 55,000 employees in the banks and other financial institutions. I am not certain whether that includes life insurance agents or not. Some person thought there were 55,000 life insurance agents alone, but I cannot answer as to that. I am sorry I cannot give the figures of the employees.

The CHAIRMAN: Any further questions of Mr. KILGOUR?

Right Hon. Mr. GRAHAM: One thing the North American Life manager has brought out, and I think it is well worth remembering when you are discussing the liability of agents to lose their employment. A life insurance agent can in a very short time practically secure a partial income for all the rest of his life by his renewals. Such is not the case in any other employment.

Mr. KILGOUR: There is no such thing to-day

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Mr. Kilgour: I would say that I was only advised by wire last night to appear here to-day and I have not been able to get figures. I discussed the matter with Mr. Watson this morning, and we could make no more than an estimate. I notice there are some 35,000 employees in the banks and other financial institutions. I am not certain whether that includes the insurance companies or not. Some persons thought there were 35,000 life insurance agents alone, but I cannot answer as to that. I am sorry I cannot give the figures of the employees.

The CHAIRMAN: Any further questions of

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as unemployment with a competent life insurance agent.

The CHAIRMAN: Of course, a life insurance agent working on commission would not come under the Bill anyway.

Mr. KILGOUR: I didn't know whether that was contemplated or not.

Right Hon. Mr. GRAHAM: No one can tell what will happen to this Bill before we are done with it.

Mr. KILGOUR: No. I merely want to add here that there are those who are more familiar with the other branch of the mortgage business than I am. I do not know whether I have covered their case adequately or not. I can only speak particularly for the life insurance business, but I believe practically everything I have said for life insurance companies would apply to the trust and loan companies.

Hon. Mr. GRIESBACH: The clerical staff of railway companies and other institutions?

Mr. KILGOUR: Yes. I think this is a more homogeneous group than probably almost any other group that could be suggested.

Right Hon. Mr. MEIGHEN: Of course, as an insurance man, Mr. Kilgour, you realize better than anyone else would, that in any sound insurance scheme you have to take the good with the bad.

Mr. KILGOUR: I am thoroughly in sympathy, I think if I had been consulted I would have offered some suggestions with respect to the Bill itself. However, I am not here for that purpose. I am thoroughly in sympathy with the purpose of this Bill.

as unemployment with a common life insurance plan.

The committee is now in a position to report.

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been in a position to report.

However, I am not here for that purpose. I am

merely in a position to report.

Right Hon. Mr. MEIGHEN: You have to take the good with the bad. If your people insured cases of thrombosis only, you would be broke.

Mr. KILGOUR: Yes, but we won't insure them if we can help it.

Right Hon. Mr. MEIGHEN: I know. But we have to take the thrombosis cases with the others. That is where you differ from us.

Mr. KILGOUR: That is so. If this is a tax bill, then that is another point.

Right Hon. Mr. MEIGHEN: No. If it is a tax Bill to take care of that part of our population which is receiving small remuneration and cannot be considered in a position to take care of itself during unemployment, to get the scheme sound we have to take the good with the bad.

Mr. KILGOUR: I have endeavoured to show, however, that we already have now a system of taxing in our pension scheme.

Right Hon. Mr. MEIGHEN: But suppose you take care of all your employees, and then the banks come in and say, "We will take care of ours", and everyone in a good position from the unemployment standpoint is taken care of, that leaves the scheme with nothing but the bad ones. Do you see the point?

Mr. KILGOUR: I quite appreciate that.

Hon. Mr. LAIRD: The departmental stores claim the same thing, that they are looking after their employees.

Mr. KILGOUR: I do not know what they are doing, but I think they have less reason to suggest the point than we have. I have spoken for the life insurance companies, and as far as

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doing, but I think they have less reason to suggest the point than we have. I have spoken for the life insurance companies, and as far as

head office is concerned, there has been no unemployment going over a period as far back as I can remember, certainly thirty years.

Right Hon. Mr. MEIGHEN: That is, you never dismiss anybody?

Mr. KILGOUR: WE never dismiss anybody except for cause, and, of course, as was said before female members of the staff marry.

Right Hon. Mr. MEIGHEN: Supposing an employee is dismissed for cause, isn't he unemployed?

Mr. KILGOUR: Well, as a rule we have a period of probation, about three months, before we take them on. If they are fairly skilful there should not be any dismissal for cause, unless for fraud.

Right Hon. Mr. MEIGHEN: I know, that is fairly true everywhere; but there is always a certain amount of unemployment due to dismissal for good or bad cause. In either case they are unemployed.

Mr. KILGOUR: AS a matter of fact I have known a great many should have been dismissed and very very few who have been dismissed even for good cause.

Right Hon. Mr. MEIGHEN: There is no complaint on that score at all.

The CHAIRMAN: Any further questions of Mr. Kilgour.

Hon. Mr. Copp: I understand, Mr. Kilgour, you have a scheme by which you assist your own employees?

Mr. KILGOUR: Yes.

Hon. Mr. COPP: Does your scheme last longer than a year?

Mr. KILGOUR: Our scheme lasts during the time a man is with us. It is what we call a salary

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time a man is with us. It is what we call a salary

saving scheme. A man leaves 5 percent of his salary and the company contributes 5 per cent.

Right Hon. Mr. MEIGHEN: He gets a pension for life?

Mr. KILGOUR: He gets a pension for life.

If he does leave the company he has got a fund there to withdraw.

Hon. Mr. COPP: It lasts for only one year?

Mr. KILGOUR: Our scheme is absolutely different. Incidentally only it serves the purpose, so far a life insurance employees are concerned, of an unemployment scheme as well.

The CHAIRMAN: Your scheme is really an ordinary pension scheme, not an unemployment scheme.

Mr. KILGOUR: It is not altogether the usual pension scheme. The banks, for instance, have a pension scheme, but it does not provide for this at all.

Hon. Mr. GRIESBACH: Your scheme is practically the same as the civil service superannuation scheme.

Mr. KILGOUR: Yes.

Hon. Mr. SINCLAIR: If a man is dismissed for cause does he lose his interest in the fund?

Mr. KILGOUR: He has always the right to withdraw his own money, and after he has been with our company a certain length of time he has a very definite vested interest in the company's contribution.

Hon. Mr. COTE: Is that under the contract?

Mr. KILGOUR: Yes, definitely.

The CHAIRMAN: Thank you, Mr. KILGOUR.

Now, Mr. Leonard.

Mr. D'ARCY LEONARD (Solicitor, Dominion Mortgage and Investment Association): Mr. Chairman, I think Mr. Kilgour has covered the whole situation as far as the people I represent are concerned. We have come under very short notice, and if there is anything further that we have not covered we shall be very glad either to come back or to submit it to you.

Hon. Mr. GRIESBACH: You were here before on another bill.

Mr. LEONARD: Yes.

Right Hon. Mr. MEIGHEN: According to your story before, if we continue in the loan business you will have more unemployment.

Mr. LEONARD: Yes, in the farm loan business.

Hon. Mr. PARENT: You corroborate what Mr. Kilgour has said?

Mr. LEONARD: Yes.

The CHAIRMAN: Mr. Leonard, have not loan companies had a good deal of unemployment in the last few years?

Mr. LEONARD: In so far as my knowledge goes the companies I represent have had very little unemployment. It has been rather as Mr. Kilgour said, there has been a heavier stress put upon the employees, in many cases requiring additional staffs to look after the work.

The CHAIRMAN: For instance, the Bell Telephone Company and some other institutions have given us definite figures of the percentage of unemployment. Can any one of your companies tell us how many people went out of employment in 1933 and 1934?

Mr. LEONARD: I am sorry, Mr. Chairman, but

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Mr. LEONARD: I am sorry, Mr. Chairman, but

I cannot do so. I would say this, due to the fact that the Bill excluded us, we have not given particular attention to the matter. It was only that I happened to be in Ottawa yesterday on other business, and received word you were interested in the question of unemployment in these companies, and it was suggested that we might come here and say anything that would be helpful to you or give you any statement as to the positions of these companies. All that information can be obtained, sir, and we shall be very glad to do so. The situation, as we have understood it, was that the problem had been felt not to be a problem affecting unemployment in our particular classes of companies, and therefore they had been excluded by the Act. That was our position until to-day. I shall be very glad to find that out for you, sir.

The CHAIRMAN: I think we ought to have it because we have had other companies come here and tell us practically that their percentage of unemployment is less than that of many of the financial institutions which are exempt under the Bill.

Mr. LEONARD: Mr. Chairman, I shall be back in Toronto to-morrow and I will immediately start to get actual figures from the companies we represent. Is it the turnover during the past year?

The CHAIRMAN: During the past two years.

Hon. Mr. GRIESBACH: There is a lack of standardization about the information that leaves me not greatly impressed. I think Senator Meighen raised the point when Senator Gordon read a list. I know of my own knowledge those figures cannot be correct. The mere statement that the number is 1,000 for five years and then you have a thousand to-day does not mean very

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much; a lot may have happened in between.

Mr. LEONARD: Whatever you want, Senator Griesbach, if you will just tell us we will endeavour to get it for you.

Hon. Mr. GRIESBACH: We shall have to follow each individual and try to evolve some classification of men who were retired, fired, pensioned, of women who got married, and so on. I do not know whether that will be of very much use to us.

Hon. Mr. MURDOCK: Mr. Chairman, I think there must have been some representations from somewhere before this (f), part II, was put in exempting banks, mortgage, Loan and trust companies and other financial businesses. If representations were made before this Bill was drafted, surely those representations conveyed some intimation about the number of employees involved. Considering that the question arises now as to whether that is going to be stricken out of Part II, I think your Committee ought to have from all of those institutions an estimate of the number of employees in all branches.

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arises now as to whether that is going to be stricken

out of Part II, I think your Committee ought to have

from all of those institutions an estimate of the

number of employees in all branches.

Why? One department store manager came here the other day and said his company had 23,000 employees. Assuming they paid \$11 a year, lumping the male and female together, that means the employees would pay \$253,000 into the fund, for taking care of less fortunate citizens of Canada. And the company would pay in another \$253,000, so there would be a total of \$506,000 involved because of the application of that company for exclusion of its employees from the Bill. Now here are the banks, the loan and trust and insurance companies, these financial institutions, wanting to be put in the exempted class. I think we ought to know how much money would be lost to the fund by the exclusion of all these companies. The money they would pay in would be for the benefit of workers who later become unemployed, and we should know what that money amounts to before we decide upon the question of exemption. So I think these institutions should be asked to prepare a statement showing how many employees would be affected if the exemption were granted.

The CHAIRMAN: Do you know if your company supplied to the Department any information of this kind?

Mr. LEONARD: I have been acting as solicitor for them during the past year or so, and had quite a connection with them before that, and to my knowledge no representations were ever made in respect of the Bill. As I say, I had my first opportunity of considering it last night. I presume--though this is purely a presumption--that the reason we were not consulted was that whoever worked on the measure had the English precedent to follow, and according to my information that excluded the financial institutions. We should certainly be very glad to supply the committee with all the information we can.

... and said his company had 25,000 employees. Assuming they paid \$11 a year, lumping the male and female together, that means the employees would pay \$275,000 into the fund, the company would pay in another \$250,000, so there would be a total of \$525,000 involved because of the application of that company for exclusion of its employees from the Bill. Now here are the banks, the loan and trust and insurance companies, these financial institutions, wanting to be put in the exempted class. I think we ought to know how much money would be lost to the fund by the exclusion of all these companies. The money they would pay in would be for the benefit of workers who later become unemployed, and we should know what that money amounts to before we decide upon the question of exemption. So I think these institutions should be asked to prepare a statement showing how many employees would be affected if the exemption were granted.

The CHAIRMAN: Do you know if your company applied to the Department any information of this kind?

Mr. MONAGHAN: I have been acting as solicitor for them during the past year or so, and had quite a connection with them before that, and to my knowledge no representations were ever made in respect of the Bill. As I say, I had my first opportunity of considering it last night. I presume--though this is purely a presumption--that the reason we were not consulted was that whoever worked on the measure had the English precedent to follow, and according to my information that excluded the financial institutions. We should certainly be very glad to supply the committee with all the information we can.

Mr. FINLAYSON: So far as I am aware there were no representations whatever from the banks, insurance companies, mortgage companies or financial institutions. I think the last day I was here I touched on the opinion expressed by the Royal Commission in England concerning banks and insurance companies. We did consider them a marginal case, as I said before. And finally, one of the last things that was done before the Bill was completely drafted was the drawing up of a paragraph excluding banks and insurance companies. And from there we went on to financial and loan companies and the like, with the idea that they all were very much the same.

Right Hon. Mr. MEIGHEN: You considered them as being border-line cases?

Mr. FINLAYSON: We had a kind of hesitation as to whether they should be brought in, but the two actuaries were of the opinion that they should be out.

Right Hon. Mr. MEIGHEN: Were all such companies exempted in the English Act?

Mr. FINLAYSON: Banks and insurance companies were. Of course they set up their own schemes over there. The Royal Commission in paragraph especially mentioned banks and insurance companies, and said that since there was very little unemployment in those two classes of institutions, that it was felt they should be excluded.

Right Hon. Mr. MEIGHEN: The Commission reported that When?

Mr. FINLAYSON: L932.

Right Hon. Mr. MEIGHEN: I understood you to say that the last Commission had reported against contracting out altogether?

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Right Hon. Mr. MASON: The Commission reported that

Mr. FINLAYSON: Yes.
Right Hon. Mr. MASON: I understood you to say that the last Commission had reported against contracting out altogether?

Mr. FINLAYSON: Yes, they reported against contracting out, but they said that inasmuch as certain institutions had set up special schemes, had been permitted to do so in good faith, that they should be left out. And more or less as a corollary to that they said, as far as I remember, that the banks and insurance companies might better not be included in the scheme, because there was no unemployment to speak of among them, and if they were in the scheme that might be temptation for them to lay off certain employees.

Hon. Mr. McMEANS: Mr. Finlayson, would you explain what you mean by contracting out?

Mr. FINLAYSON: It is permitting an industry to set up its own unemployment insurance, instead of coming under the terms of the Act.

Hon. Mr. McMEANS: Does that mean that they look after their own unemployed?

Mr. FINLAYSON: That means they will provide an unemployment scheme to look after their own employees, that they will levy their own contributions and provide benefits by a scheme satisfactory to the Commission.

Hon. Mr. SINCLAIR: Under the British Act there would be no contribution by the Government to the scheme of a company that has contracted out?

Mr. FINLAYSON: No.

The CHAIRMAN: In exempting certain classes, is there any provision that they shall set up their own scheme?

Mr. FINLAYSON: No. I suppose as far as banks and insurance companies and like concerns are concerned, the intention is that they shall remain exempted, but with respect to other institutions section 7 contemplates that the Commission will investigate and either recommend that they

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Commission will investigate and other recommend that they

come in or set up a scheme of their own.

Right Hon. Mr. MEIGHEN: But it would not have power under that to bring in banks and financial institutions,

Mr. FINLAYSON: Yes, it has the power to recommend that.

Right Hon. Mr. MEIGHEN: And has the Governor in Council power to bring them in?

Mr. FINLAYSON: No, the Governor in Council would have to bring it before Parliament. In that respect it is different from the Old Country. Section 7 says:

2. (1) in addition to the powers and duties of the Commission as otherwise provided by this Act, the Commission shall, as soon as practicable after appointment, undertake investigations for the purpose of making proposals to the Governor in Council for--

(a) providing unemployment insurance for the employments excepted from the operation of Part III of this Act, or for any of them, either by extending thereto the provisions of that Part, with such modifications, if any, as may be found necessary, or by special or supplementary schemes.

That of course covers all exceptions.

Right Hon. Mr. MEIGHEN: I can understand how you would except the banks and insurance companies if you had a merit rating plan, but when you have no such plan and the measure is considered as being one whereby the employed help the unemployed, I cannot see the logic of leaving out anyone in the employed class.

Mr. FINLAYSON: Unless they have a scheme. The Commission itself represents workers, represents employers and represents the Government. And of course if there are classes within the scheme that are not likely to get any benefit out of it, I do not think their inclusion would work.

Hon. Mr. POSTER: You must have somebody included who does not get any benefits.

Mr. FINLAYSON: That is true.

MR. TINKER: Yes, it has the power to recommend that.

Right Hon. Mr. WHITTON: And has the Governor in Council

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MR. TINKER: I am not sure about that.

who does not get any benefits.

MR. TINKER: That is true.

Hon. Mr. MURDOCK: Mr. Finlayson, the other day we had a concrete case before the committee. The representative of the T. Eaton Company said that they have 23,000 employees. Now at an estimated contribution of \$11 a year from the employees and from the company too, that would mean 506,000. And he estimated that they would get benefits of only about \$186,000. Now there is \$320,000 that ought to be devoted to helping citizens who are less favoured than those working with the T. Eaton Company.

Mr. FINLAYSON: Yes, I do not believe any serious consideration was given to permitting contracting out of portions of an industry.

Hon. Mr. MURDOCK: But is not the principle of this entire measure the taking care of the other fellow who is less favoured? Is not that the underlying principle?

Mr. FINLAYSON: Yes.

Hon. Mr. MURDOCK: Then why should you differentiate between employed classes? Why should they all not contribute?

Mr. FINLAYSON: One of the actuaries used an illustration about an insurance company. One company will not insure a fire trap; and on the other hand they do not want to insure a fireproof building.

Hon. Mr. DANDURAND: You say that certain groups should be exempted because they would not likely have unemployment.

Mr. FINLAYSON: I am satisfied that the underlying principle is to cover all those employments liable to a measure of unemployment. That is why you exempt, for example, civil servants.

Hon. Mr. Wainwright: Mr. Timmason, the other day

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Mr. TIMMASON: Yes.

Hon. Mr. Wainwright: Then why should you differentiate

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Mr. TIMMASON: One of the statutes used an

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a measure of unemployment. That is why you exempt, for

example, that

Hon. Mr. MURDOCK: And you get the money from where?

Mr. FINLAYSON: From three sources; from those employed within the scheme, from their employers and from the State. But of course the State's contribution is supplementary, it is not as large as the others.

Hon. Mr. DANDURAND: And you say that the Bill should cover employees in such trades as are likely to have unemployment.

Mr. FINLAYSON: We take the trade as a whole.

Hon. Mr. DANDURAND: I am speaking of the trade as a whole.

Mr. FINLAYSON: Yes, that is the underlying principle.

Right Hon. Mr. MEIGHEN: I regard it rather this way. After weeks of discussion I cannot see anything else than that it is a system of taxing those fortunate enough to be employed, that is within the area or scale where they cannot look after themselves, in order to benefit any who may be unfortunate enough to become unemployed.

Mr. FINLAYSON: Except that we cannot look into the future and say who are going to be unfortunate and who will be fortunate.

Hon. Mr. MURDOCK: All the more reason why we should include everybody.

Right Hon. Mr. MEIGHEN: All the more reason yes, It is really a taxation measure.

Mr. FINLAYSON: As I said before, I see no reason why--

The CHAIRMAN: You see no reason why they should not be included.

Mr. FINLAYSON: I do not want to be an advocate on the thing. But the banks and insurance companies, as far as

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Mr. FINLAYSON: I do not want to be an advocate on

the thing. But the banks and insurance companies, as far as

I can gather from the actuary, make a little better case for exclusion than the others.

Hon. Mr. GRIESBACH: Not all the others. In my judgment they have not any better case for exclusion than the clerical employees in the street railway companies or in the Bell Telephone Company.

Mr. FINLAYSON: There again you take an industry as a whole, and I think the reason extends to non-clericals over \$2,000. At that salary they usually get into the administrative positions.

Right Hon. Mr. MEIGHEN: They are not within the area that the State takes a special interest in.

Hon. Mr. DANDURAND: But they are among the trades that are contributing.

Mr. FINLAYSON: Yes.

Hon. Mr. MURDOCK: In Canada there are hundreds-- probably I would not be exaggerating if I said thousands-- of men who have earned their seniority in that class of service, who are walking around doing nothing. I am speaking of railroad men.

Mr. FINLAYSON: But not in the clerical class.

Hon. Mr. MURDOCK: No, but in the class of men who earned over \$2,000 a year.

Mr. FINLAYSON: Yes.

Hon. Mr. DANDURAND: And there is the employee who received a gradual increase in pay until he earns more than \$2,000 and then he is excluded.

Mr. FINLAYSON: Yes. There is some provision in the Bill whereby he will get a return of his contribution, if he has paid more than five years.

The CHAIRMAN: Mr. Finlayson, in the figures suggested by Mr. Watson about twelve and one half per cent of unemployment is counted on in this group exempted under (f). That is for the period of a year.

I can gather from the testimony, there is little better case for exclusion than the others.

Hon. Mr. CHITWORTH: Not all the others. In my judgment they have not any better case for exclusion than the clerical employees in the street railway companies or in the Bell Telephone Company.

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Right Hon. Mr. CHITWORTH: They are not within the area that the State takes a special interest in.

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The CHAIRMAN: Mr. CHITWORTH, in the figures suggested

by Mr. Watson about twelve and one half per cent of unemployment is counted on in this group exempted under (7). That is for the period of a year.

Mr. WATSON: Twelve and a half per cent who were idle some time during the year. That idle time would include sickness and any other time they were idle, during the year ending June 30, 1931.

The CHAIRMAN: We will meet when the Senate rises this afternoon.

The Committee rose at 1 p.m.

MINUTES OF EVIDENCE

The Senate,

Friday, April 12th, 1935.

The Standing Committee on Banking and Commerce, to whom was referred Bill 8, an Act to establish an Employment and Social Insurance Commission, to provide for a national employment service, for insurance against unemployment, for aid to unemployed persons and for other forms of social insurance and security, and for purposes related thereto, met this day at 11 a.m.

Hon. Mr. Black in the Chair.

The CHAIRMAN: Gentlemen, we have some of our friends from outside with us this morning who desire to give some help, and reasons as to why they should be included under the provisions of this Bill. Mr. M.W. Wilson, General Manager of the Royal Bank is here, we will be glad to hear from Mr. Wilson.

Mr. WILSON: Mr. Chairman, when the banks heard several days ago that there was a proposal in this Committee to bring them within the terms of the legislation now, rather than at a later date, as contemplated by the Bill as introduced in the House of Commons, we communicated with you, and you were good enough to say that you would give us an opportunity to present our views.

I should say at the outset that the banks are not opposed to the principle of unemployment insurance. As a matter of fact, I think that the banks in their own way have been carrying out the principle of unemployment insurance for a great many years. Rightly or wrongly,

THE HOUSE OF COMMONS

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directors of banks have in the past and at the present time taken a quite paternal attitude and interest in their staff. The reasons are obvious: the nature of our business, for one, which is confidential; the fact that we make special demands on the staff, that we restrict outside activities and make special demands in the way of loyalty; that we transfer men to some other part of the country, perhaps outside the country, on short notice. All these things have contributed to our taking an interest in them which we think is somewhat unusual, although we do not think it more than we should do, and perhaps not more than other industries, we will say, do in their cases.

We are presently extending benefits--I realize that these things have no direct bearing on the legislation before you, but I think they are important and interesting as a side light--benefits by way of pension, holidays without pay--

Right Hon. Mr. Meighen: Without pay?

Mr. Wilson: With Pay, I am sorry. Sick leave--

Hon. Mr. DANDURAND: With pay?

Mr. WILSON: With pay, and in many cases for quite extended periods. As a matter of fact, I have in mind a case of a man who was a member of a staff of bank that we took over some years ago. He had a bad case of T.B., and was on sick leave, I think on full salary. We continued him on full salary until he died, a period of five or six years, although he never crossed the threshold of the Royal Bank.

In addition, we have group insurance, towards the expense of which the bank contributes, and which carries

directors of banks have in the past and at the present time been a great help to the country. The reasons are obvious: the nature of our business, for one, which is confidential; the fact that we make special demands on the staff, that we restrict outside activities and transfer men to some other part of the country, perhaps outside the country, on short notice. All these things have contributed to our taking an interest in them which we think is somewhat unusual, although we do not think it more than we should do, and perhaps not more than other industries, we will say, do in their cases.

It is generally recognized that the pension, holiday without pay--

Mr. Wilson: With pay. I am sorry. I am sorry. I am sorry.

Hon. Mr. DUNDAS: With pay?

Mr. WILSON: With pay, and in many cases for quite extended periods. As a matter of fact, I have in mind a case of a man who was a member of a staff of bank of five or six years, although he never crossed the threshold of the Royal Bank.

In addition, we have group insurance, towards the expense of which the bank contributes, and which carries

with it disability benefits.

From the very nature of our business there is practically no such thing as seasonal unemployment or casual unemployment. The banks generally carry through the winter months--this applies to Canada in particular--quite a substantial surplus staff in order that they may be able to take care of the holiday season in the summer. Manufacturing or many other industries do not need to do that, and they lay off and re-engage. Such a thing is practically unknown in a bank. A man enters a bank, usually as a junior, out of high school, and unless he is a misfit either to his knowledge or to ours, he carries on until he qualifies for pension at the age of sixty. So far as depressional unemployment is concerned, that too is of a negligible character. It is true that in the last four or five years under the economic conditions prevailing banks have been forced to close branches and curtail their operations. It is a new experience for banks in Canada. Up to that time the history had been one of more or less steady expansion. However, even the closing of the branches did not result in any wholesale reduction in staff, for the reason that when a branch is closed the staff, with few exceptions, is transferred to a neighbouring branch and gradually absorbed.

You might properly ask, "Well, how is it, if that is so, that the number of bank employees in Canada is smaller to-day than it was five years ago?" Well, we take care of that in this way. Normally there is quite a turn-over. A chap leaves school; he is usually put in the bank by his parents, he is not consulted very

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much about it; he tries it out for three or six months, a few years, and if he does not like it he leaves. There is quite a float, quite a turn-over in the lower grades. To take up the slack caused by the closing of branches, what we have done, and other banks too, is simply to lessen the number of new employees. Notwithstanding what I have said there have been, of course, cases where we have had to let out men. I do not speak of men that we have let out for misconduct; those cases speak for themselves; but due again to the pressure of economic conditions, a bank, like any other big organization, finds that it is carrying a certain amount of dead wood. You carry that load during normal, prosperous times, but in days like these when your income is being steadily curtailed on the one hand, and burdens are becoming greater on the other, you have to review such cases, and unfortunately we have reluctantly come to the conclusion in a number of cases that we had to let these men out. We have tried to do it in as decent and humane a way as possible giving them every notice that they had no prospects in the bank. In fact, the other day a manager was retired at one of our Western branches. I found on inquiry--the case was brought to my notice by a member of parliament--that we had notified him four years ago that he had no future in the bank and should look elsewhere. We kept repeating that notice every six months, but he did nothing, or could do nothing, and we retired him last month. However, when we retired him, notwithstanding the four years' notice we had given, we paid him six months' salary, spread over a period of twelve months. A case of that sort is a case that, I understand,

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out he did nothing, or could do nothing, and we retired

him last month. However, when we retired him, notwith-

standing the four years' notice we had given, we paid

him a small sum, and he was a good deal

tho. A case of that sort is a case that, I understand,

would come within the term of unemployment insurance, I give this case just to illustrate the point that we have in our own way, without calling it unemployment insurance, been practically carrying it on for generations.

Now, the Bill as introduced in the House and as it passed the Commons, provided that bank employees were in the excepted class. In doing that the Commons followed the English practice, and of course the English practice is based on an experience of a quarter of a century, and that, I take it, as a layman, counts for something. The banks as taxpayers and their employees also as taxpayers, will share in the general burden of this scheme as it applies to Canada as a whole.

(B follows)

in our own way, without calling it unemployment insurance, been practically carrying it on for generations. Now, the Bill as introduced in the House and as it passed the Commons, provided that bank employees were in the excepted class. In doing that the Commons followed the English practice, and of course the English practice is based on an experience of a quarter of a century, and that, I take it, as a judgment, counts for something. The Bill as introduced in the Commons also as taxpayers, will share in the general burden of this scheme as it applies to Canada as a whole.

(Mr. Wilson)

As to that, why, we have no complaint. What we do think is that the terms of section 7 of the Bill should be carried out. That section provides that the Commission shall--not may--as soon as practicable after it is set up examine into these exempted trades or businesses, not to see whether they should be brought in, but to make proposals for their being brought in with such modifications, if any, as may be found necessary or by special or supplementary schemes. In other words, that part of the section I have just read clearly implies the principle that there shall be special schemes in Canada as there are in England. In England, as I have stated, the banks are exempted from the general scheme, but they have a special scheme of their own, set up under the terms of the legislation, which provides for benefits at least equal to and probably greater than those provided by the general legislation, and the cost of course is borne by the banks themselves.

We think, and we submit, that that is the sound practice for us to follow in Canada. In all insurance the principle is well recognized that the premium should bear some definite relation to the risk. As a man of fifty years of age I pay a higher premium for life insurance than somebody of twenty; and I pay a lower fire insurance premium on a class 1 building than I do on a wooden shack out in the country; and an aviator pays a higher risk for an accident policy than I do who am not very keen about flying.

I repeat, I think the same principle should apply to unemployment insurance. The risk of unemployment in banks being very slight, we do .

think it is fair that, over and above the contributions that the staffs and the banks will make as taxpayers, they should bear a share of the burden imposed by more hazardous employment.

We have no desire at all to escape our responsibilities. As I say, we do not argue against the principle of unemployment insurance at all. Personally, I have been an advocate of unemployment insurance ever since I have known anything about it. But we do submit that the proper procedure, certainly with respect to banks, is to follow through on the principles of section 7, allow the Commission as soon as it is formed to examine into our situation—that is an actuarial job, not one that I, a plain business man, could do—and decide what is a sound scheme to take care of the unemployment risk, whatever it may be, that attaches to the staffs of banks.

Thank you, gentlemen.

Right Hon. Mr. MEIGHEN: Mr. Wilson, you stated you thought the English experience could be very valuable to us as a guide.

Mr. WILSON: Yes.

Right Hon. Mr. MEIGHEN: Then you advocate a merit rating on the basis of the risk.

Mr. WILSON: That is what they have.

Right Hon. Mr. MEIGHEN: In ENGLAND?

Mr. WILSON: Insurance companies and banks.

Right Hon. Mr. MEIGHEN: They are not in at all.

Mr. Mr. Wilson: The banks have a separate scheme under the terms of the Act.

Right Hon. Mr. MEIGHEN: They are not in the general Act.

Mr. WILSON: You have a legal mind, sir, and I have not. They are in an unemployment scheme which

think it is fair that, over and above the contributions

that the Government has made, they should bear a share of the burden imposed by more

responsibilities. As I say, we do not argue against

the principle of unemployment insurance at all.

Personally, I have been an advocate of unemployment

insurance ever since I have known anything about it.

But I am not a fanatical supporter of it, and I am not

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principles of section 7, which the Government has soon

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General Act.

Mr. WILSON: You have a local fund, do you?

Right Hon. Mr. MERRITT: Yes.

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is recognized by the authorities and by legislation and, according to my understanding, it is administered by a public body.

Right Hon. Mr. MEIGHEN: That is right. But they are outside the general unemployment taxation. In the English plan, after twenty years of experience, there is no merit rating; industries in which the risk of unemployment is great and industries in which the risk is light are all put on the same footing.

Mr. WILSON: Our information is not the same. I may be wrong, but I have spent some money to find out in the last few days. Our information is that the banks have a separate unemployment scheme administered by a separate Commission with the approval of the general unemployment body in England.

Right Hon. Mr. MEIGHEN: That is quite right.

Mr. WILSON: And the employees and the banks pay premiums into a separate scheme, and get the benefit of the preferred risk, which they are.

Right Hon. Mr. MEIGHEN: That is right, they are in a separate plan; but those who are in the general scheme of the British Unemployment Act run over a range of many industries and occupations. They all pay alike, not in proportion to the risk.

Mr. WILSON: Again I must differ, because according to my information, if the banks have this separate scheme and pay a special rate which takes care of their own liability within their own group, then they are paying a different rate from that paid by foundries and coal mines.

Right Hon. Mr. MEIGHEN: Certainly they are because they are outside the general scheme; but all inside represent a long range of occupations.

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Right Hon. Mr. McILWAIN: Certainly they are because they are outside the general scheme; but all

Mr. WILSON: They are outside the general scheme? All right, it is a question of words. They are not in the general scheme, but they are in a special scheme recognized by law. Perhaps I had better put it that way.

Right Hon. Mr. MEIGHEN: Let me put it this way then. Why should banks which have a low unemployment risk be allowed their separate scheme and other groups which have also a low unemployment risk not be allowed a separate scheme?

Mr. WILSON: Because when I take our life insurance I should not be put on the same rate as a man aged 70.

Right Hon. Mr. MEIGHEN: But in England where the risk is varied in a whole range of employments, the rate is uniform.

Mr. WILSON: IN all employment other than banks and insurance companies.

Right Hon. Mr. MEIGHEN: Yes, where the risk varies they charge them all alike; consequently they do not adopt the merit rating. The only people who appear to get the benefit there are banks and insurance companies.

Mr. WILSON: I cannot see why they did that. My only answer can be this. They are not fools, they are more advanced in social legislation than we are and have twenty-five years' experience to draw on, which we have not got. Notwithstanding that, just within the last few years they have confirmed the scheme that banks and insurance companies have over there.

Hon. Mr. Gordon: Mr. Wilson, do you know if the pension scheme of the banks in England is generous as ours is here?

Mr. WILSON: They are outside the general scheme? All right, it is a question of words. They are not in the general scheme, but they are in a special scheme recognized by law. Perhaps I had better put it that way.

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Hon. Mr. Gordon: Mr. Wilson, do you know if the pension scheme of the banks in England is generous as ours is here?

Mr. WILSON: I do not know, sir, but I should think it is substantially the same. My experience in comparing the different pension schemes--and I have been at it quite frequently--my experience has been that our own scheme in the Royal Bank is substantially the same as theirs.

Hon. Mr. WEBSTER: Have you anything to show what the extra cost would be if the banks are included?

Mr. WILSON: Yes. We have in the Royal Bank over 7,000 employees. Of that 7,000 there are 5,000 in Canada. Of that 5,000 there are 1,200 women. That has nothing to do with it, it is just incidental. Out of the 5,000 in Canada there would be 4,000 come under this scheme.

Hon. Mr. GRIESBACH: Those earning \$2,000 and under.

Mr. WILSON: Yes, 4,000. That would involve a premium on the part of the bank of \$53,000, plus a premium on the part of the employees of \$53,000, plus the contribution to be made by the State, plus the expenses of administration, also to be borne by the State.

While we are mentioning figures I may give an illustration of what we are doing. I can only speak for our own bank, for we have not had time to gather information from all the institutions. Last year the Royal Bank paid in retiring allowances over and above pensions about \$85,000. There is also our pension fund, which covers men only. Women are not in it; never have been. Neither are our messengers in it. On the other hand, if a man spends his lifetime running around with a Royal Bank uniform on, or a woman spends

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... around with a Royal Bank uniform on, or a woman spends

fifty odd years pounding a typewriter, we recognize that fact when they retire, and our directors grant allowances. Those totalled \$35,000 last year. Those are annual allowances which we will have to carry on.

Right Hon. Mr. GRAHAM: Are those all in Canada?

Mr. WILSON: Yes, sir.

Hon. Mr. GORDON: In your bank, Mr. Wilson, in many cases on the death of an official his wife receives a part of his pension.

Mr. WILSON: Yes. Under the rules of the pension fund the widow of the pensioner gets half the pension to which he was entitled. She retains that until she remarries. If she remarries the pension is transferred to the minor children, if any. In addition to that, as a matter of practice whenever a man dies what we do for his family is not handled in that routine way. We try to ascertain the circumstances. We usually find there are some young children in course of being educated. Very often a man before he dies has had a serious illness involving him in heavy expenses. I dissociate myself for the moment from the board, but I think I can fairly say the attitude of our directors has always been most generous in cases of that sort. We pay the man's funeral expenses. I can think of a score of cases where we have paid sickness expenses. I recall two or three cases where we have practically undertaken, not legally but morally, to complete the education of the children. In other words, we carry through the spirit of relationship with the man's family after he has gone the same as we try to carry

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Hon. Mr. GORDON: In your bank, Mr. Wilson.

Is that correct, Mr. Wilson?

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Mr. WILSON: Yes. Under the rules of the

pension fund the widow of the pensioner gets half the

pension to which he was entitled. She retains that

until she remarries. If she remarries the pension is

terminated. Is that correct, Mr. Wilson?

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at least \$10,000. That is a matter of fact.

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at least \$10,000 to the family of a man who

died of cancer of the stomach at the age of 55.

it through in our relationship with him while he is alive.

Hon Mr. GORDON: In addition to that, when an official is being retired is it not usual in your bank to allow his salary to go on sometime for nearly year?

Mr. WILSON: That is the practice with senior men, and of course most of them are senior. I speak in terms of service. Before he gets his pension he has to be granted a year's leave of absence with full salary, the theory being to allow him to taper off in his living expenses, for naturally his pension is not as big as his salary.

Right hon. Mr. GRAHAM: It is a difficult situation to work out. If every institution would do as your bank is doing there would not be any need of this legislation at all. But they are not all alike. Perhaps they are not all in a position to do that.

Mr. WILSON: I was going to say that I am not trying to make a virtue of all we do, but it is in the nature of our business. It is stable business. In our main office in Montreal we have a staff of about 300. Probably there are 30 people there we do not need at this very moment. You ask, "Why carry them on?" I answer, "Because in a week or so we will be in the holiday season and shall have 20 or 30 members of the staff away over a period of three, four or five months. Then that staff is used."

Right Hon. Mr. GRAHAM: You see the difficulty we are in in trying to work out equitable legislation, if we allow every industry or business to say, "We will

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Mr. ALISON: I was going to say that I am not trying to make a virtue of all we do, but it is in the nature of our business. It is stable business. In our main office in Montreal we have a staff of about 300. Probably there are 30 people there we do not need at this very moment. You ask, "why carry them on?" I answer, "Because in a week or so we will be in the holiday season and shall have 30 or 35 members of the staff away over a period of three, four or five months. When that staff is used."

Right Hon. Mr. GORDON: You see the difficulty we are in in trying to work out equitable legislation, if we allow every industry or business to say, "We will

take care of our own staff."

Mr. WILSON: Of course, if every business, could say that and carry through, you would not be discussing a Bill of this sort now, there would not be any problem.

Right Hon. Mr. GRAHAM: In an undertaking like yours that is able to take care of its staff, if we say, "You need not help take care of any person else---

Mr. WILSON: We are helping as taxpayers.

Right Hon. Mr. GRAHAM: We all are. We are all taxpayers. But that is the difficulty. We are trying to work out a universal scheme. If we allow all those who are able to look after their own staffs in a thorough way, we shall be compelled to neglect others who need unemployment insurance more. There is this other point. If you are brought under the provisions of this Bill, would it have a tendency to impel you to abandon in a measure some of the benefits you now give to your employees and rest yourselves rather on the Statute than on your compassionate spirit?

Mr. WILSON: As to that, I can only say that no bank, any more than anybody else, can spend the same dollar twice. If you put us in a position where we cannot spend the dollar the way we are doing it now-- I do not say better, but personally I think so, and everybody is entitled to his own opinion--if we are put in a position where we must make this substantial contribution, obviously our directors cannot justify any further burden of a social character, and we shall simply have to look around to see how we are going to get that \$50.00 odd out of the various things we are doing now.

(C-1 follows)

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is this other point. If you are brought under the provisions of this Bill, would it have a tendency to impel you to abandon in a measure some of the benefits that you are entitled to? I do not say that, but I do not say better, but personally I think so, and everybody is entitled to his own opinion--if we are

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doing now.

I am speaking only for myself. My directors may take a different view, though I do not think they will. And to answer your question further I fear it would tend to standardize the treatment of those cases, and that the inclination would be to say

"Oh well, there is a scheme to which we have contributed, and the staff have contributed to it and they know that to expect. So we will stick to that."

Right Hon. Mr. GRAHAM: A tendency to comply with the law and go no further?

Mr. WILSON: Yes, I feel that would be the tendency.

Hon. Mr. Webster: And you think your staff would prefer to stay under the present scheme, do you?

Mr. WILSON: Well, we have not canvassed them to find out. But under the present system they are getting direct benefits without making any contribution.

The CHAIRMAN: Every person knows that the treatment given by banks to their employees is excellent. The employees may be better off now than they would be under this scheme. But there are other organizations in this country which have the very same or similar protective policies for their employees, according to what has been told to us here.

Mr. WILSON: I know that. I could name a lot of them.

The Chairman: They have presented figures to show that the percentage of unemployment, seasonal and otherwise, is very small with them, as small as it is with the banks and financial institutions. Now how can we justify bringing those groups in under the scheme and leaving out the financial groups?

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the fact that the present scheme is not perfect.

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can we justify believing those figures in under the scheme

and leaving out the financial groups?

Mr. WILSON: I can only repeat that the experience of twenty-five years on the other side must mean something. They have dealt with the same problem over there. The principle of unemployment insurance is not new.

The CHAIRMAN: Is it not a fact that there has been a great deal of complaint in Great Britain because of the exemption of banks and financial institutions? And is it not so that the only reason they are not within the government scheme now is that they had set up a special scheme, which was carried on independently but under Government supervision?

Mr. WILSON: Yes. The same thing is provided for by inference in this legislation.

The CHAIRMAN: But other organizations are claiming that they should be exempted because they have as good schemes as the banks have.

Mr. WILSON: I am not ~~a~~-rguing against a scheme for the banks; I am arguing for a scheme for the banks. It will not cost the banks any more to come under this scheme. We are paying some \$53,000 now. If we are brought under this legislation it will mean an added burden on the staff. I am trying to fight the battles of the staff. It will not cost the bank, as an institution, any more than it does now.

Right Hon. Mr. MEIGHEN: Supposing the representatives of a large industry come and show us that they have been taking care of their employees, and that if they are brought under this measure they will be paying \$4 for every dollar they will receive, would you recommend us to say that they should be exempted and permitted to establish a separate scheme?

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representatives of a large industry come and show us that they have been taking care of their employees, and that if they are brought under this measure they will be paying \$4 for every dollar they will receive, would you recommend us to say that they should be exempted and permitted to establish a separate scheme?

Mr. WILSON: Well sir, I would not like to say. To be quite frank, I knew no more about unemployment insurance a week ago than the ordinary man does who reads the newspapers. It was only a few days ago when I understood that the banks might be brought under this scheme that I gave it some study.

Right Hon. Mr. MEIGHEN: We are in the position of having to take one stand or the other. Suppose we say to these other people that they must come in. Then they say to us, "Why are you letting the banks stay out, when they presented the same argument for exemption that we did? Tell us the difference between us and the banks."

Mr. WILSON: Well, that brings up the whole question of insurance. I am not sure whether the law of this country, as that of most other countries, compels the driver of a motorcar to carry insurance for the protection of the public. But if you have a good record you do not have to pay as high a rate as does the chauffeur who perhaps has killed a couple of persons in his lifetime. You get the benefit of your better record.

Right Hon. Mr. MEIGHEN: If a general plan of merit rating were practicable in unemployment insurance your argument would be unanswerable.

Mr. WILSON: Why not find out if it is or not?

Right Hon. Mr. MEIGHEN: I came to this committee thoroughly convinced that merit rating would have to be applied, but I am afraid that I have been convinced it cannot be done.

Mr. WILSON: Well sir, you have greater knowledge of the subject than I. I do not pretend to argue the point with you. But the machinery is already in the Bill for bringing in the banks or any other exempted.

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class, either on a special basis or under the general terms of the Bill. Why this haste to bring us in now, before there has been a chance to look into the situation?

Right Hon. Mr. MEIGHEN: That is exactly what the others say to us. They say "Why this haste?"

Mr. WILSON: I do not see that my argument is any weaker because somebody else used it.

Right Hon. Mr. MEIGHEN: If we give to the others the same answer that you want us to give to you, the whole scheme is wrecked.

Hon. Mr. GORDON: Senator Meighen, has any other group shown that they have in force now a scheme comparable to that which the banks have?

Right Hon. Mr. MEIGHEN: I do not think there is very much difference. The Eaton plan is very similar, and so is the Bell Telephone plan.

Hon. Mr. GORDON: HAVE ANY OF THEM ANY PROVISION whereby a pension is payable to widows?

Right Hon. Mr. MEIGHEN: I would not like to say that, but that in itself would not make a real distinction. Can you suggest any real difference between the plan of the Bell Telephone Company and that of the banks?

Hon. Mr. GORDON: The banks have a provision of that kind.

Right Hon. Mr. MEIGHEN: But on that account alone would you say that the banks should be exempted and the Bell Telephone Company kept in? That one provision is not so important here.

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that of the law, and the law is the law.

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Yes, sir, I think so.

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Mr. TROTT: I do not see that my argument is any

more than a mere statement of fact.

Right Hon. Mr. WILKINSON: It is given to the others

the same answer that you want us to give to you, the

same answer is given.

Hon. Mr. GORDON: Senator Wilkin, has any other

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Right Hon. Mr. WILKINSON: I do not think there is

very much difference. The Bank plan is very similar,

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Yes, sir, I think so.

Senator Gordon is not a lawyer.

Right Hon. Mr. WILKINSON: I would not like to say

that, but that in itself would not make a real distinction,

Can you suggest any real difference between the plan of

the Bell Telephone Company and that of the banks?

Hon. Mr. GORDON: The banks have a provision of

that kind.

Yes, sir, I think so.

would you say that the banks should be exempted and the

Bell Telephone Company kept in? That one provision is not

the same as that here.

Hon. Mr. GORDON: Well, it is pretty important for the widow.

Right Hon. Mr. MEIGHEN: But it has nothing to do with unemployment.

Hon. Mr. GRIESBACH: It seems to have been brought out pretty clearly by the experts who have been before us that if we exempt from the operation of this scheme all those employments in which the incidence of unemployment is low, the employments where the incidence of unemployment is high could not carry themselves. We are not discussing here an insurance proposition comparable to the ordinary commercial insurance, such for instance as that issued by Lloyd's. This would seem to be a scheme under which the good risks must carry the bad.

Mr. WILSON: Well, does that not bring up the broad principle of whether the preferred employees should bear a larger share of the general burden of this scheme than you or I as ordinary taxpayers? I of course recognize that Senator Meighen says as to the difficulty of making exemptions. We are in a much happier position when we can do than, but we cannot always do it.

Hon Mr. GRIESBACH: There is one point which I think you have missed. Under this Bill you are excluded.

Mr. WILSON: Just temporarily.

Hon. Mr. GRIESBACH: No, I think you are excluded by the Bill, and this paragraph to which have referred has reference not to you, because you are excluded, but to others.

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and bad are mixed.

Mr. WILSON: Well, does that not bring up the

broad principle of whether the preferred employees

should bear a larger share of the general burden of

the scheme than the rest of the employees?

of course recognize that Senator McNamara says as to

the question of the bill, that it is a good thing

position when we can do them, but we cannot always do it.

Mr. McNamara: That is the point.

I think you have missed. Under this Bill you are

missing.

Mr. WILSON: Tell completely.

Hon. Mr. GRIMBAGE: No, I think you are excluded

by the Bill, and this paragraph to which have referred

has reference not to you, because you are excluded, but

to others.

Mr. WILSON: I am not a lawyer, but I think I am right. The Commission are directed to examine all those exempted classes, with a view to having them in either under the general scheme or under some supplementary scheme.

Right Hon. Mr. MEIGHEN: But they cannot come in except by further legislation.

Mr. WILSON: But the machinery is there. And that is an orderly way to do it.

Right Hon. Mr. MEIGHEN: That is just what the Bell Telephone Company says too.

Mr. WILSON: Perhaps we would have a better case if there were not anybody else sitting around the room prepared to argue their cases.

Hon. Mr. GRIESBACH: The clerical employees of the railways, a very large class, are in. And there are concerns like the Imperial Oil Company which have large clerical staffs and treat them very generously.

Mr. WILSON: In telling you about what the banks do I was not claiming any special virtue for them; I do not say that the banks are any better than some other institutions. I was just showing that in an informal way we are doing what we would do under this Bill.

Right Hon. Mr. GRAHAM: I do not think there is any question about that.

Mr. WILSON: If this legislation is imposed on the banks it will not cost them, as banks, one cent, but it will cost our staff \$53,000 a year.

Right Hon. Mr. GRAHAM: If the bringing of the banks and such institutions under this scheme would result in their abandoning their other schemes, the employees would lose very materially.

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Right Hon. Mr. GRAHAM: I do not think there is any question about that.

Mr. WILSON: If this legislation is imposed on the banks it will not cost them, as banks, one cent, but it will cost our staff \$25,000 a year.

Right Hon. Mr. GRAHAM: If the bringing of the banks and such institutions under this scheme would result in their abandoning their other schemes, the employees would lose very materially.

Mr. WILSON: I do not want to create any misapprehension. I can only speak for myself, but I think it will be our bank's view, when I say that we would not have any thought of tampering with our pension fund. We regard that as something sacred. And we would not think of tampering with our group insurance scheme. I could not conceive that we would change our system of holidays or granting sick leave. But when we had to retire a man just because he was a misfit, we would probably say "Now, you paid into this fund, and we paid into this fund, and the State has contributed, so therefore you will have to look to the fund." That I think would be the net result.

The CHAIRMAN: That is the obvious thing.

Mr. WILSON: I think that as business men you can see that would be the result.

Hon. Mr. DANDURAND: I understand from you, Mr. Wilson, that with the Royal Bank, at all events, there is no such thing as unemployment.

Mr. WILSON: Practically, not in the sense contemplated here.

Hon. Mr. DANDURAND: So you claim that the people who would be affected by this Bill would have contributed, and they are already taxpayers?

Mr. WILSON: Yes.

Hon. Mr. DANDURAND: So that it is double taxation for them. I am the president of the Montreal City and District Savings Bank. We have twenty-four branches. We have never closed one and we have never had unemployment. Occasionally we have dismissed employees who were found to be misfits after

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three months of probation. But during the last fifty years and more there never has been a man dismissed who would fall under this Bill. There are about 300 on the staff, and they have no risk of unemployment at all, so they would not benefit by this Bill, even though Parliament made them subject to the Bill. They would be taxed, and I should like to ask if that would not be double taxation.

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This is the problem before us. I am not saying as to what the Committee should do, but the door must be open or closed. If it is not in their case unemployment insurance; it is simply taxation under the scheme to help those who are not in as favourable a position.

The CHAIRMAN: Any further questions? Thank you, Mr. Wilson.

Now, we have Mr. Henwood, the President of the Canadian Bankers Association.

Mr. HENWOOD: Mr. Chairman and members of the Committee, Mr. Wilson has, I think, pretty well covered the field from the point of view of the banks. I merely wish to say a few words about how, in my opinion, this resolution may affect one of the little banks, and to say something also about what the Bank of Toronto, is doing in the matter of taking care of its staff.

We have no depression or seasonal unemployment in the Bank of Toronto. In the last five years we have closed twenty-five branches. There have been no dismissals except for dishonesty. Resignations and officers going on pension have absorbed surplus staffs. They have been carried on full pay down to the small surplus which is being carried at the present time. No new staff, except for a few juniors, have been taken on during this period.

We have a pension scheme in the bank to which 721 of a staff of 1,103 contribute.

Hon. Mr. GRIESBACH: What is their contribution?

Mr. HENWOOD: Four per cent of their salaries, \$45,000 per annum. The bank contributes \$80,000 per annum. We are at the moment, in view of the lower yield

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annum. We are at the moment, in view of the lower yield

on the invested funds of the pension fund, considering very seriously whether we will not have to increase the contributions of the staff to the fund. I submit that \$45,000 a year is a pretty round amount to take from the salaries of a staff of that size.

Our pension fund was started in 1889 by voluntary contribution on the part of the bank. The staff were not taken into the pension fund until 1904. At that time the directors of the bank felt that they had established a sufficient back log for the fund to enable them to proceed under a basis of arrangement by which the staff would get some benefit.

We carry for our staff group insurance, with benefits in the event of death, running from \$1,000 to \$10,000 according to age and rank. The bank pays half the premiums on that insurance.

In recent years, in the city centres where our staffs are working very strenuously most of the time, we have provided for a recreation fund. We have assisted them in their desire to get exercise or recreation at the rate of about \$1,300 a year. Since that fund was started we have paid them over \$10,000.

Under the pension fund the staff receive benefits at sixty, unless incapacitated in the meantime. They receive one-fiftieth of the salary at retirement for each year of service after twenty-five years of age. When members of our staff go on the pension fund it is our practice to give them a minimum of six months freedom on full salary before they take their pension. In some cases they get more than that. If the pensioner dies one-half the pension goes to the wife, and there is provision made for young children in the event of her

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Right Hon. Mr. GRAHAM: Are the ladies on the pension fund?

Mr. HENWOOD: No.

Hon. Mr. Webster: Why?

Mr. HENWOOD: One reason, I think, is that when the pension fund was started the women employees in the banks were very few. Of course during the war the employment of female help was largely increased.

Hon. Mr. WEBSTER: Why are not the messengers on the pension fund?

Mr. HENWOOD: I do not know of any reason why they are not on the pension fund, except that they are not bankers. They are employed in the street work. The same with caretakers.

Mr. Wilson: Very often they are more or less casual employees.

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Mr. Wilson: Very often they are more or less

casual employees.

Mr. HENWOOD: We have a messenger, I recall, who will retire at sixty. He is not on the pension fund. That man has served us very faithfully and well for over thirty years, and we would not think of letting him go out of the bank without making provision for a sufficient amount to enable him to carry on in accordance with whatever his circumstances may be; and I think that is the treatment our banks would follow in all other cases where messengers and others who are not on the pension fund are giving up the service.

Hon. Mr. WEBSTER: Are the messengers under the group insurance?

Mr. HENWOOD: Yes, they are in the group insurance.

Right Hon. Mr. GRAHAM: It is contributory, I suppose?

Mr. HENWOOD: Yes. The bank contributes one-half of the premium. This gives them insurance at a very low rate.

Hon. Mr. WEBSTER: And you have no complaints from your employees as to the methods you employ?

Mr. HENWOOD: No.

Hon. Mr. WEBSTER: As a rule they are generously treated.

Mr. HENWOOD: I think the employees in our banks from one end of Canada to the other are just as happy as any family.

Right Hon. Mr. MEIGHEN: This is not a Bill to penalize people who do not look after their employees.

Hon. Mr. WEBSTER: But it is well for the public to know what the banks are doing. There is a spirit abroad—

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Right Hon. Mr. MEIGHEN: There is no question that they have been pretty generous all through.

Mr. HENWOOD: Take the matter of lunches. We feed our staff without charge in the city centres, the large centres where they are very busy. That costs the Bank of Toronto \$16,000 a year, and since that plan was adopted we have spent \$300,000 in that one service alone. It is appreciated, of course, by the staff.

There are holidays of from two weeks to one month each year, according to the length of service, with full pay; in case of sickness there is full pay for three months or longer, according to the circumstances. I have in mind one man who is affected with tuberculosis who has not been inside the bank for three years. He is on full pay. Another man who has been out of the bank for two years with the same sickness receives full pay. One pensioner went out a little over a year ago to take his six months on full salary before he went on pension; he took sick and had a serious operation, and when he finally went on pension the bank thought it only fair to give that man a bonus of \$1,000. He went to the coast, and we have again extended the period of full pay for another six months.

In our bank the insurance plan will cost approximately \$12,000 to the bank and \$12,000 to the employees under the Bill. Under the present conditions the contribution by the bank being \$80,000 and by the staff \$45,000 to the pension fund, I am afraid that if we are put under this fund some of these things which we have been doing may have to be discontinued. If the fund is

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been doing may have to be discontinued. If the fund is

being set up on a sound actuarial basis is it necessary to include the banks which are now, I believe, providing much greater benefits to their staffs than business generally is providing for its workers?

Right Hon. Mr. MEIGHEN: I do not think it is from the actuarial standpoint. At least that is the information I have. But my trouble is to answer the other people. Suppose another concern comes along and makes out exactly the same case that you are making out, what are we to do?

Mr. HENWOOD: Well, Mr. Wilson has said--I think he has expressed the opinion that you have got to give them consideration.

Right Hon. Mr. MEIGHEN: Then the next man to be answered is the actuary, and he says if you do that your scheme is broken. What do you do then? If you take the Bell Telephone Company and let them out the scheme breaks. There is the trouble. You are a banker, and you have to help us through that.

(E follows)

Hon. Mr. DANDURAND: He has not said that in a very decided tone, Senator Meighen. He said he had not sufficient data.

Right Hon. Mr. MEIGHEN: No, he did not say that with respect to the clerical field. He told us most definitely if we let that gigantic thing out we would have to revise the scheme. Once you revise it, and revise it upwards, you have made it impossible for the others. That is our trouble, Mr. Henwood. It is not that we are not satisfied with what the banks are doing for their workers, it is to be consistent with those other people.

Mr. HENWOOD: It seems to me we are taking pretty good care of our situation, and I hate like fury to have our staff bear an additional tax, for that is what it is, on their salaries.

Right Hon. Mr. MEIGHEN: So am I. But what is to be our answer to the Bell Telephone Company and the railway companies. They come and say to us, "All right, we are ready to stay in if you bring in others who are in the same position as we are, but if you do not we demand to go out?"

Hon. Mr. LAIRD: Mr. Henwood, do your women employees come under your group insurance?

Mr. HENWOOD: Some of them.

Hon. Mr. LAIRD: Why some and not all?

Mr. HENWOOD: It is made optional whether they want to take it.

Right Hon. Mr. GRAHAM: This will be compulsory.

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Right Hon. Mr. MEIGHEN: I am in an organization with a pretty large staff of employees. It is a financial institution. We have group insurance and all that, but on the whole I do not think it is as generous as yours. We cannot afford to make it so. But I cannot see how we can ask to stay out and bring others in that have been before this Committee.

Hon. Mr. DANDURAND: What is the organization?

Right Hon. Mr. MEIGHEN: There are about a dozen of them--insurance companies, finance companies, investment companies.

The CHAIRMAN: They all come under this exemption.

Right Hon. Mr. MEIGHEN: Yes, and I should like to see them stay under it, but, by jove! I do not see how I can logically defend their exemption.

Hon. Mr. GORDON: If they carry out the same system as the banks there is no reason why they should not stay out; but if they are not taking care of their staffs at all there is no reason why there should not come in.

Right Hon. Mr. MEIGHEN: I admit we are not as generous as the banks, we cannot afford to be. But take the Bell Telephone Company, what are we going to do with them?

Hon. Mr. GORDON: Don't they want to come in?

Right Hon. Mr. MEIGHEN: They certainly do not. They say, "We will come in if you take the others in; but if not we demand to be out."

Hon. Mr. GORDON: Is their scheme as generous as the banks?

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Hon. Mr. GORDON: Is their scheme as

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Right Hon. Mr. MEIGHEN: I think it is.
I was impressed by it.

The CHAIRMAN: It is very much on the
same lines.

Mr. HENWOOD: Is not their employment some-
what different from that of the banks?

Right Hon. Mr. MEIGHEN: In what way?

Mr. HENWOOD: They have men working on the
lines outside; our employment is clerical.

Right Hon. Mr. MEIGHEN: What the man is
working at makes no difference so far as I can see.

Mr. HENWOOD: We have no unemployment in
the banks.

Right Hon. Mr. MEIGHEN: They have not
either.

Mr. HENWOOD: Not with the men working
outside?

Right Hon. Mr. MEIGHEN: Not very much.
They have made virtually the same case as you have
made as far as the impression on me went. Mr.
Macpherson was here the other day for the Bell Company.

Hon. Mr. COTE: They were asking for
exemption for their clerical staff.

The CHAIRMAN: They asked for exemption for
all their employees, just the same as did the T. Eaton
Company, the Simpson Company, and the wholesale
hardware and grocers.

Hon. Mr. GRIESBACH: The departmental stores
are asking only for their sales staff.

The CHAIRMAN: They excluded their
manufacturing plant and their drivers, but they brought
in all their clerical and their store staff.

Right Hon. Mr. MEIGHEN: The Bell Telephone
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Right Hon. Mr. McNICOLL: They have not

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Mr. McNICOLL: Not with the men working

outside?

Right Hon. Mr. McNICOLL: Not very much.

They have made virtually the same case as you have

made as far as the impression on me went. Mr.

Macpherson was here the other day for the Bell Company.

Right Hon. Mr. McNICOLL: I was with him

and he was very much interested.

Right Hon. Mr. McNICOLL: I was with him

all their employees, just the same as did the T. Eaton

Company, the Simpson Company, and the Wholesale

Hon. Mr. McNICOLL: The department stores

are asking only for their sales staff.

Right Hon. Mr. McNICOLL: I was with him

and they brought the plant and their drivers, but they brought

to all kinds of stores and their sales staff.

Right Hon. Mr. McNICOLL: I was with him

and they brought the plant and their drivers, but they brought

their general, division and district offices.

Hon. Mr. DANDURAND: Senator Meighen, I intend to move that the clerical staffs and the retail trade staffs be excluded, so that the motion may be before this Committee for the actuaries who have been working on this plan to report as to how such exclusion would affect the plan actuarially. I shall move that motion when we return after the Eastern adjournment.

Right Hon. Mr. MEIGHEN: Why not move it before? I was hopeful of getting this Bill reported. The House of Commons is waiting for it.

Hon. Mr. DANDURAND: I intend to make the motion to test the opinion of the Committee. So far we have not been able to find exactly what is the other line of approach to this legislation. It has not been made very clear whether the principle of the Bill is to include only trades where there is an appreciable amount of unemployment, or also those where there is a negligible amount of unemployment or none in order that they may sustain the others. I think the first test will be as to exclusion. If the Committee decides not to exclude, then we shall have to take up the other question of inclusion.

Right hon. Mr. MEIGHEN: I have no objection to the motion being discussed, but I should like to get it done before the adjournment, if that is possible.

Hon. Mr. DANDURAND: I think in justice to the departmental actuaries we must give them that leeway.

Right Hon. Mr. MEIGHEN: I think they can give us the information next week. We shall be here next Tuesday and Wednesday.

their general, division and district offices.

Hon. Mr. DAWSON: Senator McPherson, I

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Right Hon. Mr. WHIGHAM: I think they can give

us the information next week. We shall be here

next Tuesday and Wednesday.

The CHAIRMAN: Any further questions of Mr. Henwood? We thank you, Mr. Henwood.

Mr. Reid, of the London Life, is here representing another branch of exemptions.

Mr. E.E. REID: Mr. Chairman, I should like to ask Mr. Rutherford to represent the insurance companies. He is the actuary of the Sun Life, of Montreal, and is prepared to present a brief.

The CHAIRMAN: IS it the pleasure of the Committee to hear Mr. Rutherford?

Some Hon. SENATORS: Yes.

Mr. C.D. Rutherford (Actuary, Sun Life Assurance Company of Canada, Montreal): Gentlemen, I do not wish to take up your time by dealing with points not directly germane to the Bill. The main point as far as the life insurance companies are concerned is simply this, that they have in practice taken care of unemployment by making allowances. I cannot answer for every company, but those I have checked up invariably do. The amount so spent in unemployment allowances, if it were required to be paid in the way of contributions under this Bill, would be removed from the employees. That is to say, the employees who become unemployed would receive less generous treatment in the future than they have received in the past.

Hon. Mr. GRIESEBACH: Are they contributing to that scheme now?

Mr. RUTHERFORD: It is purely voluntary on the part of the company. Our own practice is if a man is discharged other than for cause to allow one month's pay for each year of service.

Right Hon. Mr. MEIGHEN: Does that apply to agents too?

The CHAIRMAN: Any further questions of

Mr. Rutherford?

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like to ask Mr. Rutherford to represent the insurance

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Now Mr. CHILBEACH: Are they contributing to

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Mr. RUTHERFORD: It is purely voluntary

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if a man is discharged other than for cause to

allow him to continue to work for a period of

three months, and then if he is not re-employed

we pay him a sum of money to enable him to

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Mr. RUTHERFORD: Agents are not paid by salary.

Right Hon. Mr. MEIGHEN: No, but they have to eat the same as others.

Mr. RUTHERFORD: They are paid on a generous scale which should enable them to save for a pension.

Right Hon. Mr. GRAHAM: A good agent in three or four years can establish an income from renewals.

Mr. RUTHERFORD: An agent is practically never dismissed except for cause.

Right Hon. Mr. GRAHAM: He is paid by commission.

Right Hon. Mr. MEIGHEN: One of the causes is that he does not write enough insurance.

Mr. RUTHERFORD: That is not the cause I refer to.

Right Hon. Mr. MEIGHEN: Insurance companies let a lot of men out, and women too, because they cannot write enough insurance.

Mr. RUTHERFORD: But it is practically impossible once an agent has lost a license to get it renewed. It does not matter to the company whether he is producing much or little so long as they have not to pay a pension to him.

Right Hon. Mr. MEIGHEN: I have had letters saying they have been threatened with dismissal because they cannot get enough insurance. I received a letter the day before yesterday.

Right Hon. Mr. GRAHAM: I think some have ceased to find employment. They are out of a job if they do not write sufficient business to give them a commission.

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Right Hon. Mr. MEIGHEN: I have had letters

saying they have been threatened with dismissal

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a letter the day before yesterday.

Right Hon. Mr. MEIGHEN: I think you are

wrong in this regard. They are not at all in

they do not write sufficient insurance to give them

a pension.

Mr. RUTHERFORD: I think it is only fair to the Committee to say that that is not germane, because they would not come under the Bill in any event. It applies only to people receiving salary.

Right Hon. Mr. GRAHAM: Yes.

The CHAIRMAN: You have not much, if any, seasonal employment, I suppose?

Mr. RUTHERFORD: No life insurance company has seasonal employment in the sense that the staff changes in that manner. They have seasonal employment inside the office, but they have to carry a surplus staff over the period when not required, and there is a certain amount of overtime at other periods.

Right Hon. Mr. GRAHAM: The result may be seasonal?

Mr. RUTHERFORD: The result may be seasonal, but the employment is not. I would remark also the result of including the staffs which have been excluded by the Bill would be to impose contributions on the Government. It would add to the cost of administration.

There is one point which arises, not from any personal contact with unemployment insurance as such, but from my general experience with other classes of business, and it is this. We have heard from our own people and from other industries in the past and from other classes of business a statement that the amount required for any particular benefit is very much less than the estimate will be. I have been myself instrumental in introducing one new class of business into Canada, and I have had this argument put up to me time and again. No company that does not pay benefits for a particular cost has any real knowledge of the number required to be paid, because they do not get

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less than the estimate will be. I have been myself

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into Canada, and I have had this argument put up to me

time and again. No company that does not pay benefits

for a certain number of years is not

number required to be paid, because they do not get

information as to those who would be eligible for the benefits. That applies to workmen's compensation and group life insurance cases that would come under things that are not reported. The companies like ourselves who do pay benefits when an employee is laid off permanently, has a fairly clear idea of the number that are so laid off. A company that does not pay benefits when its employees are laid off will know nothing about it.

Hon. Mr. GRIESBACH: Cannot they use your information?

Mr. RUTHERFORD: They could, but I am speaking of those who claim to have no unemployment.

Hon. Mr. GRIESBACH: We are working with people who have studied the English system. There has to be modification of that necessarily in this country, but still the actuarial estimates are based upon the English plan.

Mr. RUTHERFORD: The information has been taken into account, but I speak rather of the general attitude towards exemptions. We know that we do have to pay something for unemployment. We do not claim there is no unemployment. We do claim that the amount paid by way of benefits to employees will be removed from those employees in part to the other employees in industry.

(F-1 follows)

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Right Hon. Mr. MEIGHEN: No doubt, That is the case with very many.

Mr. RUTHERFORD: My point, Senator Meighen, is that many of those who are protesting do not know how much employment they have, because they do not pay benefits.

Right Hon. Mr. MEIGHEN: My would they not know?

Mr. RUTHERFORD: Say a man ceases to be employed. Well, if he is going to get a benefit he waits until he is laid off; if he is not going to get a benefit he may not just turn up, he is not reported as having been laid off.

Right Hon. Mr. MEIGHEN: Surely the Bell Telephone Company would know what men they had laid off because of lack of work.

Mr. RUTHERFORD: That is quite possible. I am merely stating that if they do not pay benefits at the present time I am satisfied that they will be under-estimating that.

Right Hon. Mr. GRAHAM: One would think a company would know when men ceased to be on the payroll.

Mr. RUTHERFORD: Yes, they would know that, but they do not necessarily know when they would cease to be on the payroll in accordance with the terms of the Act.

Right Hon. Mr. MEIGHEN: Your scheme is not ours either. The classes that you pay unemployment benefits to may not be the same as would come under our Act. However, I presume that companies keep track of men they let out. The Eaton Company and the Simpson Company and others who have been here claim to have kept track. One concern that was represented here said that they would not have had in the last five years one man who

Right Hon. Mr. MICHEN: No doubt, that is

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Right Hon. Mr. MICHEN: Why would they not know?

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would not have had in the last five years one man who

would have got a nickel under this Act.

Mr. RUTHERFORD: I can only quote you an analogous case, Senator Meighen. We had an argument with a corporation to whom death benefits for employees were to be paid. They claimed that in the past five years less than one-third of the amount we suggested as an adequate premium would have been paid in benefits, according to their own records. But the records of the compensation company which carried their coverage showed that for occupational deaths alone 50 per cent more employees had died than they had records for.

Right Hon. Mr. MEIGHEN: That is different. The company might not hear of a man dying, after he is unemployed.

Mr. RUTHERFORD: I am not talking about death after the person has ceased to be employed. They were referring to employees who had died while still in their employment. In other words, the fact that they had no benefits payable caused their records to be imperfect.

Right Hon. Mr. MEIGHEN: They did not know the people who had died in their employ?

Mr. RUTHERFORD: No.

Hon. Mr. WEBSTER: Were they daily workers?

Mr. RUTHERFORD: It was a manufacturing concern.

Hon. Mr. WEBSTER: The workers were hired by the day?

Mr. RUTHERFORD: Some were. My point is that the accuracy of the records depends largely on the financial interest of those concerned.

The CHAIRMAN: Among insurance companies generally during the past two years have there been many people let out?

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Mr. WEBSTER: The workers were hired by the

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The CHAIRMAN: Among insurance companies generally

during the past two years have there been many people

let out?

Mr. RUTHERFORD: Not a very large number, owing to the fact that insurance companies generally follow the same practice as the banks. That is to say that they allow for those retiring or dying to take up the slack, they are simply not engaging new employees. Contraction takes place at a comparatively low rate. We had enough cases, however, in our own institution to be unprepared to claim that there is no such thing as unemployment. We are paying for it, and so we know what it is.

Hon. Mr. COTE: Mr. Rutherford, you said a moment ago that an agent paid on commission is not within the Act.

Mr. RUTHERFORD: It is my understanding that it applies only to people paid on salary.

Hon. Mr. Cote: I am afraid that is not correct. In the list of employments exempted is this, on page 32 of the Bill:

(m) Employment as an agent paid by commission or fees or a share in the profits, or partly in one and partly in another of such ways, where the person so employed is mainly dependent for his livelihood on his earnings from some other occupation, or where he is ordinarily employed as such agent by more than one employer, and his employment under no one of such employers is that on which is he mainly dependent for his livelihood.

There are the two elements; He must be paid on commission and he must derive his main livelihood from some other occupation. But if his main livelihood comes from his work as agent, he obviously would be under the Act.

Mr. RUTHERFORD: I must confess I did not study the question with regard particularly to agents, because it was not the point to which my attention was directed. It was my impression that all persons paid by commission, not only agents of insurance companies, were not covered by the Act. I do not see how the Act could be made to apply to them.

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apply to them.

The CHAIRMAN: How could collections be made from such people?

Mr. RUTHERFORD: I do not see how they could be made.

Right Hon. Mr. GRAHAM: The enforcement of the Act would be very difficult if agents and others paid on commission were included.

Mr. RUTHERFORD: I am afraid I would not call it difficult; I would call it impossible.

Right Hon. Mr. MEIGHEN: This scheme is pretty well based on the English Act. The clause that Senator Cote read is very plain. I have no doubt that persons paid by commission are not included, unless they are included under the English Act.

Mr. RUTHERFORD: I think it is only fair to say that in England there is no such thing as the life insurance agent, paid by commission, as we know him in this country, except men on the staff of Dominion life insurance companies. The persons who are known as insurance agents in England are salaried people in other businesses.

Right Hon. Mr. MEIGHEN: Apart from insurance, there surely would be people who would be paid by commission in other lines.

Mr. RUTHERFORD: What I am saying may sound incredible, but it is the fact.

Right Hon. Mr. MEIGHEN: It would be incredible if you were to say that although in England they operate with agents on commission, as we do, which I think is altogether probable, that there are no agents on commission who would come under the scheme.

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who would come under the scheme.

Mr. RUTHERFORD: I can only speak with respect to the insurance business. There are no individuals who are employed by insurance companies in England and paid by commission. The English agency system is completely different from ours.

Right Hon. Mr. GRAHAM: They are exempt because they get their income largely from some other business? Does that account for this clause?

Mr. RUTHERFORD: The individuals who compare with our life insurance agents are known in England as inspectors and are paid by salary. Their salary may be and very often is determined by the amount of business they are handling, but it is not paid as a direct proportion of the amount of business they are handling, and it does not necessarily increase nor decrease with it.

Right Hon. Mr. GRAHAM: It is based on their business but is not a commission?

Mr. RUTHERFORD: It is based on it, but not based directly on it.

Right Hon. Mr. MEIGHEN: Paragraph (m) which was read by Senator Cote provides for exemptions of persons paid by commission, in certain circumstances.

Mr. RUTHERFORD: This schedule is based on the English practice. It exempts, as the English practice does, the insurance industry from the terms of the general Act. The main body of commission workers in this country would be exempt under paragraph (f), as any corresponding people would be in England.

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Right Hon. Mr. MEIGHEN: That is quite true.

But suppose we bring the insurance companies under the Act, then undoubtedly the agents would come in also, in the great majority of cases.

Mr. RUTHERFORD: In that case you would have a very serious problem of administration on your hands. It is very easy to determine when agents are employed, but practically impossible to determine when they are unemployed.

Right Hon. Mr. MEIGHEN: I can see that there would be difficulties, but would not the same difficulties apply to men paid by commission in other lines? For example, suppose a man was selling soap on commission. In England they must have the same conditions.

Mr. RUTHERFORD: It is a very unusual thing in England to have men dependent on commission alone.

Hon. Mr. WEBSTER: Are there any other features of the Bill that Mr. Rutherford would care to speak about or enlighten us upon?

Mr. RUTHERFORD: Thank you, sir, but I do not feel that I could say anything beyond what I have said except what would touch upon the principle of the Bill. And I do not think I would be justified in dealing with the principle of a Bill which has been passed by the other House.

The CHAIRMAN: Are there any other gentlemen here who desire to give us information? I have called on all those whose names have been submitted.

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The CHAIRMAN: Are there any other gentlemen here who desire to give us information? I have called on all those whose names have been submitted.

Right Hon. Mr. MEIGHEN: I should like to hear from Mr. Reid, if he would care to speak.

Mr. E.E. REID: President of the London Life Insurance Company: I am afraid, Senator Meighen, that I am not as well posted as Mr. Rutherford, but I shall be glad to answer any question pertaining to the management problem of life insurance.

Right Hon. Mr. MEIGHEN: You are the head of the London Life Insurance Company?

Mr. REID: Yes

Right Hon. Mr. MEIGHEN: I presume that you have, the same as the other companies, a scheme for taking care of your permanent employees by pension, have you?

Mr. REID: A very complete scheme, yes.

Right Hon. Mr. MEIGHEN: And group insurance too?

Mr. REID: Yes, group insurance and sickness and accident insurance.

Right Hon. Mr. Meighen: Have you any unemployment?

Mr. REID: We have no unemployment, We are still taking on more clerks.

Right Hon. Mr. MEIGHEN: I have a waiting list for you.

Mr. REID: We have a waiting list ourselves, Senator. We lose clerks mainly by marriage, in the female section. We have group insurance for the female employees and also a pension fund.

Right Hon. Mr. MEIGHEN: Your female employees are under the pension scheme too?

Mr. REID: Yes.

Right Hon. Mr. MEIGHEN: And group insurance as well?

Mr. REID: Yes. I think that is general with life insurance companies.

Right Hon. Mr. MEIGHEN: I should like to hear

from Mr. Reid, if he would care to speak.

Insurance Company: I am afraid, Senator Meighen,

that I am not as well posted as Mr. Rutherford, but I shall be glad to answer any question pertaining to the

management problem of life insurance.

Right Hon. Mr. MEIGHEN: You are the head of the

Mr. REID: Yes

Right Hon. Mr. MEIGHEN: I presume that you have,

the same as the other companies, a scheme for taking care of your permanent employees by pension, have you?

Right Hon. Mr. MEIGHEN: And group insurance too?

Mr. REID: Yes, group insurance and sickness and

accident insurance.

Right Hon. Mr. MEIGHEN: Have you any unemployment?

Mr. REID: We have no unemployment, we are still

taking on more clerks.

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Mr. REID: Yes. I think that is general with life

insurance companies.

Right Hon. Mr. GRAHAM: Mr. Reid, the committee I think admits the usefulness and generosity, we might say, of the schemes operated by the insurance companies for taking care of their employees. But what are we going to do when other kinds of organizations tell us that they have good schemes for their employees?

Mr. REID: I quite understand the difficulty, Senator Graham. But it is somewhat unfair that employees in institutions that are already doing so well for them should have their interests jeopardized by bringing them into a scheme which is manifestly to be a help or a bolster for industry in general.

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Right Hon. Mr. MEIGHEN: Keep in mind that this is an insurance plan, but that it is concurrently with that a taxation measure. That principle of the Bill has to be kept in mind always. It is the same in every country. This is a plan for taxing those who are fortunate enough to be employed for the benefit of those who are not fortunate enough to be employed. Now, keeping in mind the taxation feature, how are we going to deal with one in one way and another in another?

Mr. REID: I presume your difficulty is that in the very class which you wish to protect the cost would be so excessive that you cannot do it. Of course, insurance companies have so long been accustomed to paying taxes which they think are unfair that I presume they would continue to bear the additional burden, but the employees would suffer. You would be jeopardizing these employees for the sake of others.

Right Hon. Mr. GRAHAM: Jeopardizing them in the amount of the taxes?

Mr. REID: Not only that, but the benefits which they are now receiving would have to be curtailed.

The CHAIRMAN: That is to say, if you were to hand over to this scheme what you are now taking care of yourself.

Mr. REID: Yes.

Hon. Mr. DANDURAND: Senator Meighen, you spoke of the feature of taxation. It has not been made clear, to me at all events, and to Mr. Watson who is behind you, that the whole scheme is not based upon the trades that are likely to have unemployment. I think I am repeating exactly his words--"the trades." Now, is that the

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to me at all events, and to Mr. Watson who is behind you,

that the whole scheme is not based upon the trades that

are likely to have unemployment. I think I am repeating

exactly his words--"the trades." Now, is that the

actuarial basis, or are we about to enlarge to a certain extent so that it will become a taxation bill principally for those other institutions and trades that are not afflicted with unemployment?

Right Hon. Mr. MEIGHEN: How would it be to ask Mr. Watson a few questions while Mr. Reid is here?

Mr. WATSON: Mr. Reid is a severe critic, I think.

Right Hon. Mr. GRAHAM: If you cannot answer, then no person can.

Right Hon. Mr. MEIGHEN: Now let Senator DANDURAND put the question.

Hon. Mr. DANDURAND: You have heard my question. Is this scheme based upon the idea that the trades that suffer periodically from unemployment are to be brought under it, or do you intend to extend it to other trades where the employment is negligible or non-existent, in order to carry these other trades?

Mr. WATSON: The way the Bill is now drawn I should think it would be fair to say that the employments in which there is a negligible amount of unemployment from time to time.

Right Hon. Mr. MEIGHEN: Do you not estimate that there is 12½ per cent unemployment in the excluded ones?

Mr. WATSON: Not in the excluded ones.

Right Hon. Mr. MEIGHEN: In those under (f)?

Mr. WATSON: That was the percentage of those who,

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which would be the only basis for these other institutions and
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there is 12½ per cent unemployment in the excluded ones?

Mr. WATSON: Not in the excluded ones.

in 1931 had some lost time, but included in that lost time is time lost from all causes, sickness and everything else.

The CHAIRMAN: According to the evidence given they would have come under the provisions of this Act.

Mr. WATSON: In that clause are included many others besides banks and insurance companies. Life insurance companies, mortgage companies, broadly speaking, financial institutions, are included there, and men and women are included in (f).

Hon. Mr. DANDURAND: In the exceptions.

Mr. WATSON: In (f), yes. There is not any doubt, I should think, that there are within that group very substantial variations in the amount of unemployment suffered by different sub-classes. It would not be the same with the life insurance companies, I dare say, as with fire insurance companies. It would be different with certain other classes.

Right Hon. Mr. MEIGHEN: In the ordinary financial institutions would unemployment be as general as it is in manufacturing?

Mr. WATSON: It might be.

Right Hon. Mr. MEIGHEN: Suppose we take the banks, and leave the provision as it is, and take the Bell Telephone Company--were you here when they presented their case?

Mr. WATSON: I do not think so.

Right Hon. Mr. MEIGHEN: WE will presume that they present very much the same case, and also the railway companies. Suppose we take them all out on the grounds that they are taking care of their unemployment satisfactorily, in fact, in some cases fairly generously,

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whereas your scheme benefits do not---

Mr. WATSON: So far as the scheme is concerned, we would have to reform the whole thing as far as contributions go.

Right Hon. Mr. MEIGHEN: Exactly.

Mr. WATSON: I do not say whether it should be done or not, but certainly the foundation of the scheme would have to be gone into again.

Hon. Mr. WEBSTER: Would it affect the scheme of the Act very much if these excepted employments in Part II continued to be exempted?

Mr. WATSON: It is based on that.

Hon. Mr. WEBSTER: There is apparently some desire to bring them into the Act. Would that benefit you very much?

Mr. WATSON: Yes, it would, because the unemployment in that class (f) is materially less than the average for all the other classes now in. It might benefit the fund to the extent of--I am just guessing--\$1,000,000 a year.

Hon. Mr. WEBSTER: That is by having no exceptions.

Mr. WATSON: By bringing in (f). It would be quite impracticable to have no exemptions.

Hon. Mr. WEBSTER: You would refer only to (f) than, banking, mortgage, loan, trust, insurance or other financial business?

Mr. WATSON: Yes. When I say it might mean a profit---

Hon. Mr. WEBSTER: Why were they left in the exempted class when the Bill left the House of Commons?

Mr. WATSON: I cannot say. I was not there at any of the sessions.

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Hon. Mr. WEBSTER: I thought you were piloting the Bill.

Right Hon. Mr. MEIGHEN: It did not go before a committee of the House of Commons; it was dealt with in Committee of the Whole.

Mr. REID: May I ask Mr. Watson a question, Mr. Chairman?

The CHAIRMAN: Certainly.

Mr. REID: My impression is that Senator Meighen has the idea that the scheme as drafted by Mr. Watson, or his calculations, would fall down if the insurance companies and the banks were excluded from it.

Right Hon. Mr. MEIGHEN: Oh, no. Let me put it this way. I assume that, with the exclusion, the actuarial calculations are sound and the scheme is sound. Then others come along and say that for the reasons these are left out they should be left out, and they establish their case.

Mr. REID: I see.

Right Hon. Mr. MEIGHEN: Then Mr. Watson tells me "If you let them out the scheme crashes." What is the answer of this Committee to be to those people?

Mr. REID: Leave it to Mr. Watson to say who is to be excluded and who is not.

Right Hon. Mr. MEIGHEN: We have to take the consequences.

Hon. Mr. DANDURAND: He says the figures would have to be revised.

Right Hon. Mr. MEIGHEN: Yes. He would have to tax the others more.

Mr. Watson: And, I would say, it would make the administration more difficult if the exclusions are at all numerous, because people shift from one occupation

Hon. Mr. WEBSTER: I thought you were dissenting

the Bill.

Right Hon. Mr. WEIGHMAN: It did not go before a committee of the House of Commons; it was dealt with in Committee of the Whole.

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The CHAIRMAN: Certainly.

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Mr. Watson: And, I would say, it would make the

to another, and if they shift from an insurable occupation to an uninsurable occupation it increases the difficulties very considerably. That is one of the difficulties which moved the authorities in England to make an attempt to bring agriculture within the field. The difficulties were so serious that they are now trying to cope with it.

Right Hon. Mr. MEIGHEN: Generally speaking, the fewer the exemptions the simpler the administration.

Mr. WATSON: Yes.

Right Hon. Mr. GRAHAM: And the better for the fund.

Mr. WATSON: I do not know whether it is really important to consider it on the basis of what is better for the fund or worse for the fund; but what is better for the nation, the working people.

Right Hon. Mr. GRAHAM: What helps the fund helps the worker, and possibly the nation.

Hon. Mr. DANDURAND: There are two main classes for exclusion, one being clerical staffs, and in coming here others have compared their situation to that of the insurance companies and the banks. Have you any data which would show to what extent your scheme would be affected if the clerical staffs were exempted?

Mr. WATSON: I think the Bureau of Statistics could get reasonable data. Offhand, I should say there is a good deal of unemployment among clerical staffs, and wherever there is a material degree of unemployment I should suppose, having regard to the general nature of the scheme, they ought to be in, because after all the scheme is partly for insured people, but it is also for the public of Canada, I suppose, because we have had

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Hon. Mr. DUNDAS: There are two main classes

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the scheme is to help the unemployed.

the Republic of Canada, I suppose, because we have had

some experience with relief.

Right Hon. Mr. MEIGHEN: Stability of earnings.

Mr. WATSON: Stability of income and purchasing power; and I suppose the object of this measure is--- well, to look after people who otherwise would be upon relief in a manner that will be more satisfactory to them and to the community at large.

Hon. Mr. DANDURAND: Have you any data concerning the inclusion of retail trade?

Mr. WATSON: I didn't go into that elaborately, but as I mentioned the other day, I looked at the employment in 1931 of the class designated as salesman and saleswomen, and the average of the group. Of course, it includes wholesalers. But the average unemployment for that class was not good at all; it was nearly up to the average for the whole group included in the data I used. So I cannot see that it would be possible to make any sort of a case for the exclusion of the retail trade. Broadly speaking, the classes of insurable employment include the productive and distributive industries and services. I think you will find that that describes fairly well in a broad and general way the insured classes. The exclusions may be classed under two heads; those that would result in serious administrative difficulties--impossible--and those like civil servants and school teachers, that would again in many cases be troublesome to do anything with. Those perhaps are the two principals in the exclusion.

(H follows)

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(Banking and Commerce)

Hon. Mr. DANDURAND: And you have the banks and insurance companies.

Mr. WATSON:: I am not answering for them.

The CHAIRMAN: Do you wish to ask Mr. Reid periodically.

The CHAIRMAN: Do any members of the Committee desire to ask any further questions?

Hon. Mr. MURDOCK: Might I ask Mr. Reid a question?

Mr. Reid, your business is in London?

Mr. REID: Yes.

Hon. Mr. MURDOCK: You probably noticed by the papers that the mayor of your city is claiming that the federal Government should carry the entire cost of unemployment relief?

Mr. REID: Yes.

Hon. Mr. MURDOCK: You also know that the Dominion of Canada has paid out of its treasury, together with the provinces and the municipalities, millions of dollars during the last three years.

May I ask this question. Approximately--I am sure you would not have exact figures--how many

employees of the London Life are paying as a result of income or other taxes directly into the federal

treasury has paid out for relief? Approximately

how many of your employees would be paying money into the federal treasury?

The CHAIRMAN: AS income tax, you mean?

Mr. REID: I should think 150 employees out of 450.

Hon. Mr. MURDOCK: Then 250 would not be

Hon. Mr. DANDURAND: And you have the banks

and insurance companies.

Mr. WATSON: I am not answering for them.

The CHAIRMAN: Do you wish to ask Mr. Reid

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Mr. REID: I should think 150 employees out

of 450.

That is, 150 employees out of 450.

paying anything into the federal treasury?

Right Hon. Mr. MEIGHEN: Three hundred.

Mr. REID: I should correct that. I was told just the other day in the collection made in the city for relief and charitable and Red Cross work and other relief purposes we paid something like 15 per cent of the total amount contributed by the citizens of London.

Hon. Mr. MURDOCK: In line with the thought of the mayor of London, would it be unfair to ask those 300, if they were men, to pay \$13 a year, and, if women, a little less into the federal treasury for the purpose of taking care of the unemployed?

Mr. REID: They already do that, and more than that involuntary contributions, which would probably be stopped if they are compelled to contribute through some other scheme.

Hon. Mr. MURDOCK: Do you think they would all do that, Mr. Reid?

Mr. REID: Well, a very very large proportion of our staff contribute very generously. We solicit every member of the staff whenever there is a contribution of that nature called for.

Hon. Mr. MURDOCK: They pay to the city or the province?

Mr. REID: To the relief organization in the city. We are inclined to agree, I think, with Senator Meighen's comment on the mayor's request.

Hon. Mr. LAIRD: Mr. Reid, I understand you look after your clerical staff?

Mr. REID: Yes, Senator.

Hon. Mr. LAIRD: Very generously, I believe?

paying anything into the federal treasury?

Right Hon. Mr. McLENNAN: Three hundred.

Mr. REID: I should correct that. I was

told just the other day in the collection made in the city for relief and charitable and Red Cross work and other relief purposes we paid something like 12 per cent of the total amount contributed by the citizens of London.

Hon. Mr. MURDOCK: In line with the

thought of the mayor of London, would it be unfair to ask those 300, if they were men, to pay \$12 a year, and, if women, a little less into the federal treasury for the purpose of taking care of

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Senator McLENNAN's comment on the mayor's request.

Hon. Mr. LAIRD: Mr. Reid, I understand you

look after your clerical staff?

Mr. REID: Yes, Senator.

Hon. Mr. LAIRD: Very generously, I believe?

Mr. REID: I think we do.

Hon. Mr. LAIRD: What about the great army of agents?

Mr. REID: WE give them the same privilege.

Hon. Mr. LAIRD: You look after them?

Mr. REID: They are asked to contribute to the pension fund in the same way as the employees. It is not compulsory to do so, but we urge them in every way. We give them group insurance and accident insurance, and we endeavour to treat them just the same as we do the head office staff.

The CHAIRMAN: Any thing further, gentlemen.

Thank you, Mr. Reid.

Are we tight in assuming there are no others who desire to be heard on this Bill at the present time?

We will adjourn to meet after the House rises this afternoon. Then we will take up Bill number 8.

Mr. REID: I think we do.

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MINUTES OF EVIDENCE

The Senate

Tuesday, April 16, 1935.

The Standing Committee on Banking and Commerce to whom was referred Bill 8, intituled; "An Act to establish an Employment and Social Insurance Commission, to provide for a National employment Service, for Insurance against Unemployment, for aid to unemployed Persons, and for other forms of Social Insurance and Security, and for purposes related thereto", resumed this day at 11 a.m.

Hon. Mr. Black in the Chair.

The CHAIRMAN: Before we resume consideration of Bill 8 I desire to direct the attention of honourable members to the brief before them. We requested the insurance companies to send us a memorandum when two of their members gave evidence at the last session of the Committee.

I have received a communication from the All-Canadian Congress of Labour, with head office at Ottawa, asking that Mr. W.T. Burford be heard on this Bill. Mr. Burford is present. Is it your pleasure to hear him?

Some Hon. SENATORS: Carried.

Mr. W.T. BURFORD: (Secretary-Treasurer, The All-Canadian Congress of Labour, Ottawa): Mr. Chairman and honourable gentlemen, in view of the representations that have been made to the Committee for the exemption of certain branches of industry from the unemployment.

The Senate

Tuesday, April 18, 1933.

The Standing Committee on Banking and

Commerce to whom was referred Bill 8, intituled;

"An Act to establish an Employment and Social

Insurance Commission, to provide for a National

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insurance provisions of the Employment and Social Insurance Bill, I desire to state that, in the opinion of the All-Canadian Congress of Labour, there should be no further exemptions and that some of those already in the Bill are unwarranted and should be removed. As the Bill is a Government measure and as it has the support of all parties and has passed the other House, it is expected to become law without material change and it is not my intention to advocate any amendment except in matters of detail.

Some of the witnesses who have appeared before the Committee have shown that the workers in various business houses are comparatively well protected against the hazard of unemployment. No one has suggested, however, that the protected workers never change their occupations, many ex-employees of department stores, railway companies, telephone companies, banks, and insurance companies are now working elsewhere. The protection afforded them in one occupation cannot be taken with them to the next. Moreover, where the mobility of labour is restrained by the employers' paternalism the workers are inclined to accept lower wages, and the benefits provided are usually offset or discounted by that circumstance.

Since the design of contributory unemployment insurance is to spread the burden of maintaining the unemployed over the whole body of industrial workers and employers, it is believed that the most equitable method is to include both the good and the bad risks for contributions and benefits. The actuaries have shown

insurance provisions of the Employment and Social Insurance Bill, I desire to state that, in the opinion of the Government, it is not necessary to make any further exemptions and that some of those already in

the Bill is a Government measure and as it has the support of all parties and has passed the other House, it is expected to become law without material change and it is not my intention to advocate any amendment except in matters of detail.

The Committee have shown that the workers in various business houses are comparatively well protected against the hazard of unemployment. No one has suggested, however, that the protected workers never change their occupations, many ex-employees of department stores, railway companies, telephone companies, banks, and insurance companies are now working elsewhere. The protection afforded them in one occupation cannot be taken with them to the next. Moreover, where the mobility of labour is restrained by the employers' paternalism the workers are inclined to accept lower wages, and the benefits provided are usually offset or discounted by that circumstance.

Since the design of contributory unemployment insurance is to spread the burden of maintaining the unemployed over the whole body of industrial workers and employers, it is believed that the most equitable method is to include both the good and the bad risks for

that the basis of the proposed scheme would be undermined were there any further exemptions. It may be fairly assumed that were there fewer exemptions among the stable industries there would not need to be so many as are contemplated among the industries having a greater incidence of unemployment. While it might be too much to expect the inclusion of all workers in a scheme which is now an experiment so far as Canada is concerned and which is obviously designed for progressive extension, the present exemptions exclude many classes of workers who are most in need of insurance against unemployment.

Hon. Mr. LAIRD: What is your organization?

Mr. BURFORD: It is the largest Canadian-controlled labour organization that exists, Mr. Mosher is our president.

Hon. Mr. LAIRD: It is not international?

Mr. BURFORD: No sir, it is Canadian.

For this reason it is hoped that consideration will be given to the inclusion of longshoremen, together with the employees of banks and insurance companies, recognizing that in a measure of rough justice of this kind one group should assist another.

It is also suggested that, if some of the exemptions were removed, a lower rate of contribution might be conceded workers whose wages are below the standard of a decent livelihood. The rates of contribution provided in the Bill are beyond the means of workers receiving low wages, and it is submitted that the graduation according to age and sex should be replaced by a scale of contributions according to earnings. Comparison may be made between the case of a woman earning, say, \$125 a month and that of a man

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it is hoped that the Government will be able to
include in the Bill some of the industries which
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earning only \$45 a month in full-time employment.

Instances of such disparity between the wages of men and women may be cited among the employees of a single industry. It is felt that the requirement to pay a dollar or more a month out of wages which may be as low as from \$45 to \$75 a month will impose a real hardship on many workers; it is certain that it will place beyond their reach the protection which they might secure by membership in a labour union.

Further, it is submitted that the qualifying period for unemployment insurance benefit should be reduced from 40 to 26 weeks, at least at the inception of the scheme, in order to make the benefits available without unreasonable delay. Although this change would temporarily derange the actuarial basis of the scheme it is felt that the present stressful conditions would warrant, for a while, a larger measure of assistance for the fund from the public treasury, it being recognized that such additional assistance would be largely compensated by the reduction in the cost of relieving destitution.

That is all sir.

Hon. Mr. LAIRD: Are you basing your figures on actuarial advice?

Mr. BURFORD: No, sir, we do not wish to disturb the actuarial basis.

Hon. Mr. LAIRD: You are suggesting very radical changes.

Mr. BURFORD: We suggest that if the reduction of the qualifying period made a difference to the actuarial basis, as undoubtedly it would, then additional assistance should be provided to the

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That is all sir.

Hon. Mr. LAIRD: Are you basing your figures

on actuarial advice?

Mr. HURD: No, sir, we do not wish to

submit any figures at all.

That is all, sir. We are submitting no

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to the actuarial basis, as undoubtedly it would, then

additional assistance should be provided to the

fund at its inception from the public treasury. It will be recalled that when Mr. Lloyd-George introduced his National Insurance Bill in Great Britain in 1911 the qualifying period was made 26 weeks.

Hon. Mr. TANNER: I thought you said in the earlier part of your brief that as this is a Government measure and has received the approval of all parties in the House of Commons, there should not be any changes.

It is the intention of the Board of Directors to
 will be provided that the Board of Directors
 all business transactions will be made in full
 the following report and order to make
 and the Board of Directors will be the
 further that the Board of Directors will be the
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 and no changes.

You propose a change that goes right to the foundation of the thing.

Mr. BURFORD: No sir, only a temporary change in that respect.

Right Hon. Mr. MEIGHEN: But you want the exceptions taken out. That is a very important change.

Mr. BURFORD: We believe that the people who have protested about their inclusion in the Bill are making a case for non-contributory system of unemployment insurance. We are not urging that at this moment, though, we believe there is a good case for it. They are showing the difficulty of equitably deciding between one industry and another as to which shall be included and which left out. They are showing that it is very hard to draw a line, for instance, between a telephone company and a railway company and an insurance company and a real estate company that does a little insurance business on the side. For the moment we are not advocating the inclusion of every industry, because we realize that the scheme will be more or less progressive as it goes along.

Right Hon. Mr. GRAHAM: If you wanted them all in you would want the scheme to be non-contributory, though?

Mr. BURFORD: We are not urging that at the moment, sir.

Hon. Mr. Tanner: Did the head of your organization not endorse the C.C.F. policy?

Mr. BURFORD: His politics are no concern of mine, sir.

Hon. Mr. LAIRD: Who is going to make up the financial difference, the public treasury?

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Hon. Mr. LAIRD: Who is going to make up the

financial difference, the public treasury?

Mr. BURFORD: We believe that a grant should be made to tide over the administration of this Bill, until some relief is afforded to those who are presently unemployed, within a reasonable time.

Hon. Mr. LAIRD: The public treasury, to which you have already referred, is paying for the administration of this scheme.

Mr. BURFORD: The public treasury has provided a good deal of relief for the destitute. We submit it would have to provide less relief if it made the change we suggest. That is what was done in Great Britain, when they introduced the scheme there. They took in a certain number of industries, and they recognized at the start that the scheme was not actuarially sound but it would provide relief under certain circumstances. Under present conditions, I believe that men in a number of industries would have to wait a very long time before they could qualify under that forty-weeks clause. There are many men in the building industry, whom I know who during the last five years have not worked forty weeks, nor even a half of forty weeks. And the prospects are that such men would not be able to qualify for a long time. We believe that to take care of such cases there should be a temporary reduction in the qualifying period.

The CHAIRMAN: After all, Mr. Burford, there is a group of unemployed that this Bill will not take care of. The Bill proposes to take care only of those who are employed presently or will be employed in the immediate future. The governments of the country are as far as possible very generously taking care of the people you speak of.

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Mr. BOWEN: The public treasury has provided a good deal of relief for the destitute. We submit it would have to provide less relief if it made the change we suggest. That is what was done in Great Britain, when they introduced the scheme there. They took in a certain number of industries, and they recognized at the start that the scheme was not actually sound but it would have to wait a very long time before industries would have to wait a very long time before that such men would not be able to qualify for a long time. We believe that to take care of such cases there should be a temporary reduction in the qualifying period.

The CHAIRMAN: After all, Mr. Bowen, there is a group of unemployed that this Bill will not take care of. The Bill proposes to take care only of those who are unemployed at the present time. The Government of the country are as far as possible to take care of the unemployed at the present time.

Mr. Burford: We would not suggest that a measure of unemployment insurance should be adopted as an emergency measure.

The CHAIRMAN: That is about the tenor of your proposition.

Mr. BURFORD: We do believe that the terms of this Bill, in respect of the qualifying period, are so stringent that it will take a very long time for most of the workers to qualify. I think it will be a long time before many of them will be able to make forty contributions within two years, as the Bill requires.

Right Hon. Mr. GRAHAM: I am not altogether in love with this measure. If it is not going to be welcomed by those whom it is intended to benefit, why should we pass it? Why should we force it on the people, if they do not want it?

Mr. BURFORD: I am sure, Senator, you would not suggest that we should not in any way try to amplify the clauses of this Bill, to seek a little improvement here and there. Other factors in the industrial life of the community have expressed themselves.

Right Hon. Mr. MEIGHEN: Your organization is in favour of the Bill?

Mr. BURFORD: We are heartily in favour of the Bill, sir, but we do take the liberty of pointing out certain aspects in which it might be improved.

Hon. Mr. WEBSTER: Do you think the Bill does not go far enough?

Right Hon. Mr. MEIGHEN: He advocates a reduction in the qualifying period. Of course, if the Government started off by making up for the fourteen weeks itself, it would always have to do so. What you really request,

Mr. BURFORD: We would not suggest that a measure of

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started off by making up for the fourteen weeks itself,

it would always have to do so. What you really request,

Mr. Burford, is that in addition to what the country is paying to-day out of taxes it should pay fourteen-fortieths of the whole thing besides.

Mr. BURFORD: For an initial period.

Right Hon. Mr. MEIGHEN: How would you get the money, by our control of banking?

Mr. BURFORD: I think we should wander far afield if we were to discuss the banking policies.

We would like to see a certain lessening of that clause, sir, and that is what we suggest.

Right Hon. Mr. MEIGHEN: That would be seven-twentieths of the whole cost that is to be paid by employer and employee, in addition to what the Government would be paying for administration. Can Mr. Watson tell me what is the total contribution that it is estimated will be made by employers and employees?

Mr. WATSON: The average total under the scheme, as estimated over the nine years ending 1930, has been estimated at about \$42,000,000.

Right Hon. Mr. MEIGHEN: Then there would be over \$10,000,000 more per annum payable by the Government.

Hon. Mr. WEBSTER: Where would you suggest that \$10,000,000 might be raised?

Mr. BURFORD: I have already suggested that a portion of what expense would be compensated for by the reduction in the relief of destitution. The actual figure that is suggested of twenty-six weeks as a qualifying period might be capable of a compromise, but we believe that the present requirements of forty weeks as a qualifying period is too big an obstacle to bring the benefits of the Bill to the workers whom it is intended to reach.

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big an obstacle to bring the benefits of the Bill to the

Right Hon. Mr. GRAHAM: Have you in your mind the thought that if the term of forty weeks were reduced to twenty-six, benefits would come far more quickly and the Government would save money because of having to pay less for relief?

Mr. BURFORD: Yes sir.

Right Hon. Mr. MEIGHEN: It would not benefit those unemployed now.

Mr. BURFORD: It would benefit workers who are employed at present but who might be laid off before they had put in forty weeks.

Right Hon. Mr. MEIGHEN: It would change the Bill pretty much from an unemployment insurance measure to a relief measure.

Mr. BURFORD: It did not do so in Great Britain, sir.

Right Hon. Mr. MEIGHEN: But look at the consequences there. The fund owes the Government there about 105,000,000 pounds sterling.

Hon. Mr. BRIESBACH: Yes, the whole thing blew up.

Mr. BURFORD: WE are not suggesting that as a permanent change, sir, but we would like to see it during the present slump.

Right Hon. Mr. MEIGHEN: It was not permanent there.

Right Hon. Mr. GRAHAM: Mrs. Baldwin said it was a mistake to think this fund had been given to the unemployed; it was merely treated as loaned money.

Right Hon. Mr. MEIGHEN: It is treated as that. But it would be very serious if we got in to that difficulty.

Mr. BURFORD: We are merely suggesting an extension of the Government's obligation. It is already contributing one-fifth of the total of the contributions by employers and employees.

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MR. BURROLD: We are merely suggesting an extension

of the Government's obligation. It is already contributing

to the relief of the unemployed.

Right Hon. Mr. MEIGHEN: Plus administration.

Mr. BURFORD: Yes. We suggest that it should look with a generous eye on the qualifying period and try to reduce it.

Then, Mr. Chairman, there is the other clause that is referred to, dealing with the amount of the contributions. We believe it is going to be a serious deterrent to labour organizations if some of the lower paid workers have to contribute \$1 a month. As mentioned in my brief, many workers are receiving as low as \$45 a month for full time employment. We believe some provision should be made whereby those workers might receive the benefit of the unemployment insurance scheme at a smaller outlay. That suggestion is made on compassionate grounds, because that \$1 a month is going to be very real hardship to these poor people.

The CHAIRMAN: Still, there is commensurate benefit, you know. Why does a labour organization not take a paternal view and reduce the fees of their members?

Mr. BURFORD: Undoubtedly that will be done, sir, in some cases.

The CHAIRMAN: It is almost impossible to grade the amount of contributions by the workers. If you do so you get into the field of merit rating, as advocated by many people, whereby organizations having a comparatively small percentage of unemployment would pay into the fund less than organizations whose percentage of unemployment was relatively high.

Mr. Burford: We would not like to suggest that, sir, but we do say that in the case of the lower paid workers there should be some differentiation. Men are keeping families on \$10 a week in the clothing industry, and even in the railway industry, and it is pretty hard for them

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to pay \$1 a month, even though there are commensurate benefits. It is going to have such an effect upon labour organizations in some instances that they will have depleted ranks.

The CHAIRMAN: I see a great deal of justice in your claim, but there are many objections. The dangers resulting from your proposition might be greater than the benefits.

Right Hon. Mr. GRAHAM: Those who have prepared the Bill say it is almost impossible to have graded payments.

Right Hon. Mr. MEIGHEN: Those who have studied the workings elsewhere, and the whole plan of insurance, say it would be extremely difficult.

Mr. BURFORD: I think, sir, they exaggerate the difficulty. I think it would be possible to make a broad distinction between workers who receive not more than \$75 a month and those who receive about \$75 a month. Or the figure might be \$60, if you considered that to be more equitable.

Right Hon. Mr. GRAHAM: What classes of employees are in your organization?

Mr. BURFORD: There are railway employees in our organization, Senator, who receive \$45 a month, and even less for full time employment. That situation is due to demotions through staff reductions. Men are reduced to the position of call boy, for example, which carries a wage of \$45 a month. And there are men actually supporting families on that. And with respect to the clothing industry, I have with me a schedule of the

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wages paid by some Toronto factories. You are probably acquainted with the figures that were adduced by the Royal Commission on Price Spreads and Mass Buying in that regard. There are many people working for \$10 a week and even \$7 a week, in full time employment, and maintaining families. Now \$1 looks like an awful lot of money to those people. If they have to pay \$1 into the insurance fund, although they will get benefit, it will be a hardship.

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We feel that for those cases there might be a line drawn, above and below which contributions would be varied.

Hon. Mr. GRIESBACH: But the benefits would remain the same.

Mr. BURFORD: Yes, sir.

The CHAIRMAN: Are there any further questions, Gentlemen?

Thank you, Mr. Burford.

The Committee proceeded to the consideration of the Bill.

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drawn, above and below which contributions would be
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The CHAIRMAN: Are there any further questions?

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MINUTES OF EVIDENCE

The Senate,

Tuesday, May 21, 1935.

The Standing Committee on Banking and Commerce, to whom was referred Bill 8, intituled "An Act to Establish an Employment and Social Insurance Commission, to provide for a National Employment Service, for Insurance against Unemployment, for aid to Unemployed Persons, and for other forms of Social Insurance and Security, and for purposes related thereto," resumed this day at 11 am.

Honourable Mr. Black in the Chair.

THE CHAIRMAN: Gentleman, when the committee adjourned we were at Part II of the Bill, paragraph (f), page 31, which provides an exception for employment in banking, mortgage, loan, trust, insurance or other financial business. Before we go on with the detailed consideration of the Bill, I may say that Mr. Dodds and Mr. Rogers, and perhaps some others are here, representing the Bankers' Association. I understand they wish to be heard. Is it the pleasure of the committee to hear them? If so, I will call upon Mr. Dodds.

Mr. JACKSON DODDS: Mr. Chairman and gentlemen, I have a memorandum here, and with your permission I will read it. A number of copies have been made and they may be distributed as far as they will go.

(Insert memorandum read by Mr. Dodds)

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THE CHAIRMAN: (Mr. Black)

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(Insert memorandum read by Mr. Dodds)

(MEMORANDUM READ BY MR. DODDS)

MEMORANDUM REGARDING THE EMPLOYMENT AND SOCIAL
INSURANCE ACT - BILL NO. 8

Submitted to the Banking and Commerce Committee of the Senate by Mr. Jackson Dodds, President of The Canadian Bankers' Association.

At the last meeting of the Banking and Commerce Committee of the Senate, it is understood that a motion was passed whereby the banks, insurance companies and other institutions which were excepted from the legislation as introduced in and passed by the House of Commons, are to be included in the general provisions of the Act. The exceptions now to be included are set forth in Part II of the first schedule of the Act, clause (f) thereof reading as follows:

"(f) Employment in banking, mortgage, loan, trust, insurance or other financial business."

Notwithstanding that the contributions and payments under the Act as framed were actuarially based upon the assumption that these excepted industries would be excluded, it is now proposed to include banking and other financial business where the percentage of unemployment is admittedly low, so that it may reasonably be anticipated that the contributions on the present basis will be very considerably in excess of the benefits paid out, so that from an actuarial point of view the operation of the Act will cost these institutions and their employees more than it should. This is strictly true in the case of the banks. It was found that for the year 1934 the number of employees in all of the banks receiving not over \$2,000 was 19,436, of which the total unemployed during that year were 407, a percentage of unemployed of but 2%. About one quarter of the total number of these employees

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their employees more than it should. This is strictly true
in the case of the banks. It was found that for the year
1934 the number of employees in all of the banks receiving
not over \$2,000 was 12,438, of which the total unemployed
during that year were 407, a percentage of unemployed of but
3.2. About one quarter of the total number of these employees

consisted of women and on the basis of the contributions required under the Act, the banks would have been required to pay \$242,108 and the employees an equivalent amount, making a total payment from these sources of \$484,216. The total benefits which these 407 employees would have received under the Act on the assumption that their contributions had been paid for a period of one year would have been \$29,886, or 6.1% of the contribution. In other words, the banks and their employees would have been required to contribute to the unemployment insurance fund \$450,000 more in 1934 than would have been paid out in the form of benefits, so that the cost to the banks and their employees would be no less than sixteen times the amount of the benefits received. The amount actually paid by the banks voluntarily to these 407 persons whose employment was terminated in the year 1934 was \$41,572, nearly \$11,000 more than they would have received under the Act, and this does not include the numerous cases of employees who have been kept on for months and some times for years after they had been advised by the bank to seek other employment owing to their unsuitability for bank services but who nevertheless were kept on from month to month until they were able to find employment elsewhere. The bank has paid these persons full salaries in the meantime, while receiving from them service which is not not satisfactory.

At this point I wish to state that there is probably a misapprehension in your minds concerning the status of bank employees whose services have been terminated. It is most unlikely that any person who has been employed by one bank and found to be unsatisfactory would ever be employed by another bank. There is therefore no pool of temporarily unemployed bank clerks who may hope eventually to be re-employed by the bank with which they had served or by some other bank. The employees whose services are terminated are usually young men or women who have been taken on in the hope that they would qualify as useful members of the staff. When it appears that this hope is not well founded they are told to find employment elsewhere and are given generous allowances to enable them to support

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At this point I wish to state that there is probably a misapprehension in your minds concerning the status of bank employees who are discharged from service. It is very unlikely that any person who has been employed by one bank and found to be unsatisfactory would ever be employed by another bank. There is therefore no pool of temporarily unemployed bank clerks who may hope eventually to be re-employed by the bank with which they had served or by some other bank. The employees whose services are terminated are usually young men or women who have been taken on in the hope that they would qualify as useful members of the staff. When it appears that this hope is not well founded they are told to find employment elsewhere and are given generous allowances to enable them to support

themselves until they find other work. It is therefore unsound and unfair to impose upon the banks any greater expense in connection with ex-employees of the banks than that which is actually necessary. They are usually young men who can normally find clerical or other employment in other industries and to place upon the banks and their permanent staffs a burden sixteen times greater than is necessary, to give ordinary unemployment benefit to these ex-employees who will never again be in banking service, is inequitable.

Any plan of insurance which costs its participants sixteen times as much as they receive there from cannot be regarded as an insurance scheme, but is essentially taxation and in the case of employees receiving not over \$2,000 a year, it is taxation imposed upon persons who are least able to bear it. These employees are now for the most part contributing to bank pension funds and bank group insurance plans, and can ill afford any additional levy upon their incomes. Many of them are exempt by statute from the payment of Dominion income tax, indicating the intention of Parliament to relieve persons of small income from taxation as far as possible. To require these persons to contribute \$240,000 in order that some of their number may receive benefits of one-eighth of this amount, which are now being voluntarily paid by the banks, is manifestly unfair.

As already explained to your Committee by Messrs. M.W. Wilson and H.B. Henwood, the Act as approved by the House of Commons imposed upon the Commission by Section 7 the duty, as soon as practicable after appointment, to undertake investigations for the purpose of making proposals for providing unemployment insurance for the excepted employments or any of them, either by bringing them under the general scheme or special or supplementary schemes.

Surely, in view of the facts just adduced, the question of whether the banks should be included in the general scheme is one requiring very careful study and expert knowledge. In England, under a provision which permitted, with the approval of the minister, special plans to be set up for certain industries, a special plan was proposed by the banks and is still in force, being administered by a special board. Contributions

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clerical or other employment in other industries and to place upon the banks and their permanent staffs a burden sixteen times greater than is necessary, to give ordinary unemployment benefit to these ex-employees who will never again be in banking service, is inadvisable.

Any plan of insurance which costs its participants sixteen times as much as they receive there from cannot be regarded as an insurance scheme, but is essentially taxation and in the case of employees receiving not over \$2,000 a year, it is taxation imposed upon persons who are least able to bear it. These employees are now for the most part contributing to bank pension funds and bank group insurance plans, and can ill afford any additional levy upon their incomes. Many of them are exempt by statute from the payment of Dominion income tax, indicating the intention of Parliament to relieve persons of small income from taxation as far as possible. To require these persons to contribute \$240,000 in order that some of their number may receive benefits of one-eighth of this amount, which are now being voluntarily paid by the banks, is manifestly unfair. As already explained to your Committee by Messrs.

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are received from the banks only and are commensurate with the degree of unemployment existing in the industry, which is only about one-seventh of the general unemployment rate in England. It has been found that one-seventh of the contributions which would ordinarily be required under the general Act would suffice to give the bank employees benefits on the same scale as those who come under the general Act.

If, notwithstanding this recognition by the British Government of the existence of a special situation among bank employees in so far as unemployment is concerned, your Committee is determined that in the first instance at least banks shall be brought under the general scheme, it is submitted that the door should not be entirely closed and that provision be made which would enable the banks and any other organization of employers who are willing to pay the entire cost of unemployment insurance in their industry, to submit for the approval of the Employment and Social Insurance Commission a special plan for their employees. Surely this is a matter to be studied and eventually decided by experts and in view of the recognition by the British Government that bank employees are entitled to special treatment, owing to their low percentage of unemployment, it is asking very little to permit a body of experts to be appointed by the Government to decide this question for themselves. In this connection it should be remembered that the British Government has had experience with unemployment insurance since shortly after the War, an experience perhaps longer than that of any other Government, and its procedure should not on that account be lightly regarded.

We have accordingly prepared a draft section for inclusion as section 38a of the Bill, which is almost entirely based upon the provisions of the corresponding English sections 18, 19 and 21 of the Act of 1920. I shall read over the various provisions of the section. Copies of this draft section are attached for your consideration. Generally speaking, it permits an association of employers to present a plan for the approval of the Commission, which may permit the plan proposed or some similar plan based thereon to be set up by an association of employers in any industry.

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of the section. Copies of this draft section are attached for

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which may permit the plan proposed or some similar plan based

thereon to be set up by an association of employers in any

industry.

The Employment and Social Insurance Act, special plans.

Hon. Mr. GRIESBACH: Is this in substitution of section 38?

Mr. DODDS: 38-A.

Hon. Mr. GRIESBACH: There is a 38-a now.

THE CHAIRMAN: This is supposed to be a new section.

Hon. Mr. GRIESBACH: It is in substitution, then?

THE CHAIRMAN: No.

Mr. DODDS: It is a new section.

Hon. Mr. GRIESBACH: IN substitution of 381

Mr. DODDS: No, additional.

Hon. Mr. GRIESBACH: There is a 38 a now.

Mr. DODDS: This is capital A; this is an additional section to follow section 38, and it is at the conclusion of Part III. It was thought that was the best place to put it.

The CHAIRMAN: As I understand it, this is proposed as a new section.

Mr. Dodds; Yes.

THE CHAIRMAN: #38-A---then subsections 1, 2, 3 and 4.

Hon. Mr. GRIESBACH: It is a new section to be added to 38.

Mr. DODDS: To follow 38.

THE CHAIRMAN: All right, Mr. Dodds.

Mr. Dodds:

(38*^a follows)

The Employment and Social Insurance Act, special

Hon. Mr. GRIMSBACH: Is this in substitution of

Hon. Mr. GRIMSBACH: There is a 36-a now.

THE CHAIRMAN: This is supposed to be a new section.

Hon. Mr. GRIMSBACH: It is in substitution, then?

THE CHAIRMAN: No.

Mr. DODDS: It is a new section.

Hon. Mr. GRIMSBACH: In substitution of 381

Hon. Mr. GRIMSBACH: There is a 36-a now.

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section to follow section 38, and it is at the conclusion

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THE CHAIRMAN: As I understand it, this is proposed

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THE CHAIRMAN: 38-A---then subsections 1, 2, 3 and 4.

added to 38.

Mr. DODDS: To follow 38.

THE CHAIRMAN: All right, Mr. DODDS.

THE EMPLOYMENT AND SOCIAL INSURANCE ACT

SPECIAL PLANS

Power to provide for insurance against unemployment in any industry by means of special plans.

38A (1) If it appears to the Commission that insurance against unemployment in any industry can be more satisfactorily provided for by a plan under this section than by the general provisions of this Act, the Commission may, subject to the provisions of this section, approve such a plan, and any such plan is in this Act referred to as "a special plan".

(2) The Commission may by special order approve for the purposes of this section, and whether with or without amendment, any special plan which is made in respect of any industry by an association of employers and which provides for the insurance against unemployment of all the employed persons in the industry, or all those persons other than any specified classes thereof, and the benefits under which are in the opinion of the Commission not less favourable on the whole than the benefits provided by this Act.

(3) A special plan shall not apply to any persons other than persons who are employed persons within the meaning of this Act.

(4) Where a special plan is in force, the employed persons to whom the plan applies shall not, subject to the provisions of this Act, be liable to become or to continue to be insured under the general provisions of this Act, or be entitled to unemployment benefit.

(5) A special plan may apply for the purposes of the plan, with or without modification, any of the provisions of this Act, any may contain such other provisions, including provisions for the constitution of a body to be charged with the administration of the plan and with respect to the supervision of the administration of the plan and accounts and the investment of funds and audit, as the Commission considers to be necessary for the purpose of giving effect to the plan and to the provisions of this section, and if the association of employers so requests the Commission may assume the administration of all or part of the special plan upon such arrangements as to contributions and expenses of administration as the Commission may approve.

38A (1) If it appears to the Commission that insurance against unemployment in any industry can be more satisfactorily provided for by a plan under this section than by the general provisions of this Act, the Commission may, subject to the provisions of this section, approve such a plan, and any such plan is in this Act referred to as "a special plan".

(2) The Commission may by special order approve for the purposes of this section, and whether with or without amendment, any special plan which is approved by the Commission or is approved by the Commission of employers and which provides for the insurance against unemployment of all the employed persons in the industry, or all those persons other than any specified classes thereof, and the benefits under which are in the opinion of the Commission not less favourable on the whole than the benefits provided by this Act.

(3) A special plan shall not apply to any persons other than persons who are employed persons within the meaning of this Act.

(4) Where a special plan is in force, the employed persons to whom the plan applies shall not, subject to the provisions of this Act, be liable to become or to continue to be insured under the general provisions of this Act, or be entitled to unemployment benefits.

(5) A special plan may apply for the purposes of the plan, with or without modification, any of the provisions of this Act, any may contain such other provisions, including provisions for the constitution of a body to be charged with the administration of the plan and with respect to the supervision of the administration of the plan and accounts and the investment of funds and audit, as the Commission considers to be necessary for the purpose of giving effect to the plan and to the provisions of this section, and if the association of employers so requests the Commission may assume the administration of all or part of the special plan upon such arrangements as to contributions and expenses of administration as the Commission may approve.

(6) The general provisions of this Act shall not, except in so far as they are applied by a special plan apply to, or have effect in relation to or for the purposes of, any special plan or the persons insured thereunder.

(7) A special plan shall, when approved or made by the Commission, have effect as if enacted in this Act and shall continue in force until determined in accordance with the provisions thereof, and the Commission may at any time, in the case of special plan made by an association, by special order vary or amend the provisions of a plan made under this section.

(8) Where a special plan for any industry comes into force after the date set by the Commission pursuant to section 48, there shall be paid out of the Unemployment Insurance Fund to any separate body charged with the administration of the plan such sum as may be determined to be approximately equivalent to the amount of the contributions paid by employers and employed persons during the period between the said date and the date on which the plan comes into force in respect of employed persons while employed in the industry, after deducting such sum as may be determined to be approximately equivalent to the amount paid or payable out of the Unemployment Insurance Fund to employed persons in the industry at any time before they cease to be entitled to benefit under the general provisions of this Act, together with such sum as may be determined to be approximately equivalent to the rateable part of the costs of administering the general provisions of this Act.

Power to make regulations with respect to transition from general provisions of Act to special plans and vice versa.

(9) The Commission may make regulations for determining and regulating the position of persons who at any time pass from the general provisions of this Act to the provisions of a special plan to the general provisions of this Act, or from one special plan to another special plan, and in particular for providing that a person shall be entitled, for such period and subject to such terms and conditions as may be specified by or in pursuance of the regulations, to receive unemployment benefit under this Act, or benefits under a special plan after he has ceased to be subject to the general provisions of this Act or to the plan, as the case may be.

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in so far as they are applied by a special plan apply to, or have effect in relation to or for the purposes of, any special plan or the persons insured thereunder.

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Power to
require
statistics
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(10) The Commission may make regulations requiring the body charged with the administration of a special plan to furnish at prescribed intervals returns with respect to the state of employment in the industry to which the plan relates, and with respect to such other matters in connection with the plan as may be prescribed.

(11) For the purposes of this section-

The expression "industry" means any class or classes of establishments or undertakings of the same or similar kind, or any class or classes of establishments or undertakings of the same or a similar kind, in any area, which the Commission may determine to be an industry for that purpose; and

The expression "association of employers" means an association so constituted that the members of the association who are employers consist of persons employing a substantial majority of the employees in the industry.

(10) The Commission may make regulations regarding the body charged with the administration of a special plan to furnish at prescribed intervals returns with respect to the state of the industry in the industry to which the plan relates, and with respect to such other matters in connection with the plan as may be prescribed.

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The expression "association of employers" means an association so constituted that the members of the association who are employers consist of persons employing a substantial majority of the employees in the industry.

THE CHAIRMAN: Mr. Dodds, this is on the assumption that those exempted in (f) are still exempt.

Right Hon. Mr. MEIGHEN: Yes. 38-A would be passed only if we continue our amendment striking out (f).

THE CHAIRMAN: That means that any group of industries will have under this amendment the right to appeal for exemption.

Right Hon. Mr. MEIGHEN: The right to ask to come in under 38a.

THE CHAIRMAN: Are there any questions you would like to ask Mr. Dodds?

Hon. Mr. GRIESBACH: Yes. The first question is this. You referred to the Act of 1920. We are advised that since that time a number of Royal Commissions have sat, and that the last one, or one of the last has advised against any exemptions of this sort or any separate scheme.

Mr. DODDS: Yes. But while that may be the case all the banking people are in. The thing is done. They are in and they have the scheme. They are saying they won't have any new, but there cannot be any new.

Hon. Mr. GRIESBACH: You say in England they are in. They are out;

Mr. DODDS: THEY ARE OUT.

Hon. Mr. GRIESBACH: But several Royal Commissions have recommended against a separate scheme.

Mr. DODDS: They have not cancelled the scheme.

Hon. Mr. GRIESBACH: We are trying to profit by their experience.

Mr. DODDS: But they have not cancelled the scheme, and I do not know what their attitude would have been if there had not already been a separate scheme.

Hon. Mr. GRIESBACH: Their attitude is clear. If

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like to ask Mr. Dodge?

Hon. Mr. GRISHAM: Yes. The first question is this. You referred to the Act of 1930. We are advised that since that time a number of Royal Commissions have sat, and that the last one, or one of the last has advised against any exemptions of this sort or any separate scheme.

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Hon. Mr. GRISHAM: Their attitude is clear. It

there had not been a separate scheme they would have advised against all separate schemes. That is the information we have.

The next point is this. We have in the Bill a large number of people, the incidence of the unemployment of whom is quite as good as yours, for instance, the clerical employees of the two great railway companies.

An Hon. SENATOR: And the Bell Telephone Company.

Mr. DODDS: Yes, but those people are not proposing that they shall look after the whole of their industry. We are proposing to look after all our employees, whether messengers or not. We say we will look after everyone.

Hon. Mr. GRIESBACH: But I draw your attention to the fact that the clerical employees of these large concerns are now under the Bill. But the position of their clerical employees in numbers and in the incidence of unemployment, is thought to be as good as that of the employees of a bank.

Mr. DODDS: But they are wanting to do something altogether different. If I start an industry and engage you to do one thing and somebody else to do another, and say I am going to look after you when you are unemployed, it is an entirely different thing.

Hon. Mr. GRIESBACH: I do not follow that. We have a Bill which is based upon actuarial statistics, and includes a number of people whose incidence of unemployment is about the same as that of the employees of the bank.

Mr. DODDS: PARDON me. As I understand it, your actuarial figures exclude the bank.

Hon. Mr. GRIESBACH: They do now.

Mr. DODDS: Therefore you expect the bank to pay

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MR. DODDS: Therefore you expect the bank to pay

\$450,000 over and above that they can get out of it, which is not fair in any case.

Hon. Mr. GRIESBACH: I do not know about that. Take another side of this. Suppose, for the sake of argument, that this section you propose went through and all the people who did not want to come in could apply for these special schemes with preferential rates, and get them, what would happen to those remaining under the Bill? Our information is that the cost of the insurance would be prohibitive to them. In other words, the good risks must support the bad risks, which is a general rule in insurance.

Mr. DODDS: I do not agree with that altogether, and I have something to do with insurance. If you have a fire risk, you cannot get the same treatment for a poor building as for a fireproof building. Or, if your health is under the average----

(C follows)

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(C follows)

Hon. Mr. GRIESBACH: Take ordinary casualty insurance.

Mr. DODDS: I took two things. I say that in fire insurance the worst risks pay a higher rate; and in life insurance, if you are under the average you pay a higher rate.

Hon. Mr. GRIESBACH: This is not life insurance. Take casualty insurance. An individual contributes towards his risk by having good buildings. But even fire insurance is to cover a situation which neither the employer nor the employee can himself control.

Mr. DODDS: You are just talking about casualty insurance. If you are in a precarious business you have to pay a higher rate for it.

Hon. Mr. GRIESBACH: That is because the man contributes himself to his insecurity.

THE CHAIRMAN: Mr. Dodds, after all the basis of your argument would apply primarily to the equity of the proposal. That is to say, it should be based on the amount of unemployment in each industry. Otherwise I do not see how you can get anywhere because of the fact that many groups of industries are going to pay much more in proportion to their unemployment than other groups. Not only banks but many other groups will be paying in \$10 or \$15 for every dollar they take out. I should agree with you absolutely if you said it should be on the actuarial basis of unemployment; but we are told by those who have considered this matter in other countries that it is not workable. I am not convinced that it is not workable. For the benefit of

THE CHAIRMAN: Now, Mr. Dodds,

Mr. Dodds:

Mr. Dodds: I am not sure.

that in five insurance the worst risk pay a

higher rate; and in life insurance, if you are

about the same, you pay a higher rate.

Hon. Mr. GRIEBACH: This is not life

insurance, but it is a life insurance.

contributes towards his risk by having good buildings.

But even fire insurance is to cover a situation which

neither the employer nor the employee can himself

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Hon. Mr. GRIEBACH: That is because the

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but we are told by those who have considered this matter

in other countries that it is not workable. I am not

entirely sure it is not workable, but I am not sure.

the Committee I propose to read an extract from the final report of the Royal Commission on Unemployment in England. This applies to the present discussion;

"Risk of unemployment is too doubtful a contingency on which to assume that an industry can make its own provision outside a general scheme. No industry can escape the effects of a prolonged trade depression and, in some circumstances, a special scheme financed by the industry itself may find it difficult to maintain its independence while continuing to give benefits which are not less favourable than those of a general scheme maintained with the aid of a state subsidy. We therefore find ourselves in agreement with the Blanesburgh Committee that the power to contract out should not be restored." That is largely your representation. The final decision of the Royal Commission investigating this matter in Great Britain was that no group of industries nor individual industries should have the right to contract out of the obligations of the Act.

Mr. DODDS: But notwithstanding that they did permit those who are out to stay out.

The CHAIRMAN: That is hardly an argument; it is a fact. That is because certain groups were out; The Royal Commission did not include them, but they said, "We shall not allow any others to contract out."

Mr. DODDS: My view is that if an industry employs a certain number of men it should be built up on the basis of looking after those men. We have built up our banks on the basis of looking after our men. Our men pay nothing at the moment, but we shall have to pay a large sum into this fund, and the benefits will be less than they are receiving to-day.

"Risk of unemployment is too doubtful a contingency

on which to assume that an industry can make its own provision

against a sudden stoppage. The Government will ensure the

effects of a prolonged trade depression and, in some

circumstances, a special scheme financed by the industry

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with the aid of a state subsidy. We therefore find

in agreement with the Birmingham Committee

that the power to contract out should not be restored."

That is largely your representation. The final decision

of the Royal Commission investigating this matter in

Great Britain was that no group of industries nor

individual industries should have the right to contract

out of the system of insurance.

But, however, the Government have decided that

they will allow some groups to contract out.

The CHAIRMAN: That is hardly an argument; it is

a fact. That is because certain groups were out; the

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Mr. DODD: My view is that if an industry

employs a certain number of men it should be built up

on the basis of looking after those men. We have built

up our banks on the basis of looking after our men. Our

insurance is based on the basis of looking after our

a large sum into this fund, and the benefits will be less

and they are receiving to-day.

The CHAIRMAN: Do you think, Mr. Dodds, that every class of industry should be included, but it should be on an actuarial basis?

Hon. Mr. GRIESBACH: "Preferential" is the word.

The CHAIRMAN: No, payment according to benefits received.

Hon. Mr. GRIESBACH: It is referred to as preferential. It means premiums based upon the incidence of unemployment. I do not care for the word, but it was used throughout the earlier discussions.

The CHAIRMAN: I do not like the word either.

Mr. DODDS: It is an insurance term I assume. I do not want what you call preferential treatment; I want just treatment. It does not seem to me that this treatment is just. I noticed in the New York Times of last Saturday an editorial, and I think this extract from it is opposite:

"It is both a temperate and a sound criticism that the Business Advisory Council, President Roosevelt's "contact agency with private industry," has made of the pending Social Security Bill. Expressing sympathy for the broad objectives of the measure, the Council finds that some important changes are highly desirable. Among the most essential are (3) in the unemployment insurance section, the establishment of different payroll contribution rates for different industries in accordance with differences in unemployment in those industries.

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The CHAIRMAN: Do you think, Mr. Dodds, that

Evidently somebody else would have a different opinion from the opinion you read just now, Mr. Chairman.

Hon. Mr. GRIESBACH: But when you approach that side of the question, Mr. Dodds, that fact that the premiums paid in certain industries would be beyond the reach of the insured persons would mean the failure of the unemployment insurance scheme because the incidence of their unemployment is so high.

Mr. DODDS: If it is necessary then everybody should pay; it is not sound that simply somebody should be soaked.

Hon. Mr. GRIESBACH: It has that appearance.

Mr. DODDS: It certainly has, I agree.

Hon. Mr. GRIESBACH: But nevertheless we have this Bill before us and we have to do something about it. We have either to include the banks or embark upon an inquiry for the elimination of a whole lot of other people in order to make the Bill consistent.

Mr. DODDS: I submit that you include banks in the way I have suggested and let the actuarial body look into it.

Hon. Mr. GRIESBACH: We know at once if we do that a large section of the present 1,700,000 persons involved would have such rates imposed upon them as would ensure the failure of the scheme.

Mr. DODDS: Some provision should be made for that. But why soak somebody who is not going to benefit by it and is willing to look after all the employees in his industry?

The CHAIRMAN: Have you any questions to ask, Senator Meighen?

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his industry?

The CHAIRMAN: Have you any questions to ask?

Right Hon. Mr. MEIGHEN: No. Senator Griesbach has put the view that prevailed in the Committee before. Of course, this is an alternative of continuing our course, but providing for reconsideration by the Commission.

Hon. Mr. GRIESBACH: There is a provision in the Bill now for constant examination of the operation of the scheme and for recommendation by the Commission.

Right Hon. Mr. MEIGHEN: Yes, but there is no provision for a special plan.

The CHAIRMAN: There is nothing like this in the Bill yet.

Hon. Mr. GRIESBACH: I do not know that the Advisory Committee is limited in any sense as to recommendations for alterations and amendments in future.

Right Hon. Mr. MEIGHEN: Maybe they are not.

The CHAIRMAN: I should like Mr. Watson, the actuarial expert of the Department, to give his reasons, if he has any, why a scheme of this kind will or will not work. I have never yet been convinced, and I dare say other members of the Committee are of the same attitude of mind, that that scheme should not be on what might be called an actuarial or flat rate basis.

Right Hon. Mr. MEIGHEN: Mr. Watson has furnished me with a very interesting and convincing memorandum on that point. Has anyone else got a copy of this memorandum? It is headed, "Re First Schedule to Bill No. 8."?

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Right Hon. Mr. WATSON: Yes, but there is no

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The CHAIRMAN: There is nothing like this in

the Bill.

Hon. Mr. GRIMSBACH: I do not know that the

Advisory Committee is limited in any sense as to

provision for a special plan. The Commission is

not bound by the Commission. It is a body of

experts and it is not bound by the Commission.

The CHAIRMAN: I should like Mr. Watson, the

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of this memorandum? It is headed, "Re First Schedule

to Bill No. 8."

Hon. Mr. GRIESBACH: THAT DEALS WITH THE ARGUMENT JUST PUT BEFORE US?

Right Hon. Mr. MEIGHEN: It does not deal with the banks at all. It deals with the general question whether a sound insurance scheme should be on a merit rating, or whether, on the other hand, it is not all the more an insurance scheme when the rate is flat.

Hon. Mr. GRIESBACH: We might have the memorandum read now.

The CHAIRMAN: Yes. During the recess I met among others, at their request, representatives of the Canadian Manufacturers' Association. Their final answer to this whole thing was, "Well, it is coming and we are not going to offer any serious objection." But the general opinion of that group of Eastern Canada was that the scheme should be on the actuarial basis, that is, they should contribute according to the percentage of unemployment in their industry.

Right Hon. Mr. MEIGHEN: It would be too bad not to let them have it--they would get a soaker.

The CHAIRMAN: They seemed to think that was the reasonable basis. I think you might read that memorandum, Senator Meighen.

Hon. Mr. DANDURAND: Before the memorandum is read, Mr. Chairman, perhaps I might revert to my amendment. It would broaden the problem considerably, and we might have the whole picture.

Right Hon. Mr. MEIGHEN: ALL right.

Hon. Mr. DANDURAND: My amendment came at the tail-end of the discussion of the Bill when we had succeeded in finding our bearings. During the whole

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Right Hon. Mr. MONTGOMERY: IT WOULD BE TOO BAD

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Right Hon. Mr. MONTGOMERY: ALL RIGHT.

Hon. Mr. CHAIRMAN: MY AMENDMENT CAME AT THE

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inquiry the question was in the minds of many of us as to what was the underlying principle of the Bill; unemployment insurance; or taxation. Gradually we realized the fact that it was partly insurance and partly taxation. These are the words of my right honourable friend.

Right Hon. Mr. MEIGHEN: It is taxation for insurance, and that is the good thing about it for unemployment insurance.

Hon. Mr. DANDURAND: Yes, but taxation largely, as I shall show. I introduced this amendment;

"That in order to help maintain the unemployment insurance fund, every person who is in receipt of a net income of \$2,000 and over, and who annually is called upon to pay to the Federal Treasury an income tax under the Income Tax Act, shall add to his annual income tax report a sum of 25 cents per week, totalling \$13 per year, to be paid at the same time as his income tax, without being a beneficiary under this Act."

Now, I must justify that stand.

Right Hon. Mr. GRAHAM: If a man's taxable income was under the \$2,000 after allowing for exemptions, he would not be in?

Hon. Mr. DANDURAND: Then he would not be in. I take the person who admits a net income of \$2,000 because all below that figure are reached through this scheme by their 25 cent contribution.

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Right Hon. Mr. McLELLIN: It is taxation

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"That in order to help maintain the unemployment

insurance, which is a part of the Bill, it is necessary to have

income of \$2,000 or more, and it is necessary to have

upon to pay to the Federal Treasury an income tax under

the Income Tax Act, shall add to his annual income tax

report a sum of 25 cents per week, totalling \$15 per year,

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Yes, Mr. Speaker: That is what I

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of \$2,000 because all below that figure are reached

through this scheme by their 25 cent contribution.

Now, what did we find took place in other countries when unemployment insurance measures were under consideration?--that human nature is the same everywhere, and that the good risks were not inclined to jump into the breach and pay for the bad risks. In Canada good risks have not felt the need of insurance. Why? Because throughout the whole crisis of depression when practically we went down to the bottom of the pit, they have been employed. They have held their jobs. Therefore it was quite natural that they should feel considerable reluctance to accept the scheme, although Labour, through the lips of my friend Mr. Tom Moore, declared itself in favour of unemployment insurance in principle. Yes, the representative of the Congress of Labour came to us and said, "Of course, we are in favour of the scheme, but we are not in favour of that unjust scheme by which a man who earns \$600 a year has to pay the same amount as he who earns \$1,900."

Now, what did we find took place in other countries when unemployment insurance was introduced?—that human nature is the same everywhere, and that the good risks were not inclined to jump into the breach and pay for the bad risks. In Canada good risks have not felt the need of insurance. When practically we went down to the bottom of the pit, they have been employed. They have held their jobs. We have it now with unemployment insurance. It is the same principle. Yes, the representative of the Congress of Labour came to us and said, "Of course, we are in favour of the scheme, but we are not in favour of that unjust scheme by which a man who earns \$200 a year has to pay the same amount as he who earns \$1,200."

Right Hon. Mr. MEIGHEN: Who said that?

Hon. Mr. DANDURAND: The representative of the Congress of Labour.

Right Hon. Mr. MEIGHEN: But not Tom Moore.

Hon. Mr. DANDURAND: No. I said the representative.

Mr. Tom MOORE: Would Senator Dandurand kindly make clear which congress, because ours is a congress of labour.

Hon. Mr. DANDURAND: My friend could perhaps tell me. But there was a Congress of Labour which had a meeting and decided it was unjust to have a flat rate, that it should be according to capacity to pay. I am not discussing that; I am taking the situation as it is, and I say that since we have decided that the good risks should pay for the bad risks, that those who can should help those who are helpless or who may be helpless, why should the Bill stop at \$2,000? The answer has been given by my right honourable friend; "Because the man who earns above \$2,000, can take care of himself." That means that such a man does not need the insurance. But he is only in the same situation as two-thirds of those who are earning below \$2,000, who do not need insurance and who pay for the one-third who will have to be helped. And the man earning above \$2,000 can much better afford to pay his 25 cents a week, his \$13 a year, than most of those who are earning below \$2,000. So why except those earning above \$2,000, if it is taxation? I venture to affirm, and I doubt that anyone will contradict me, that the Bill is one-third insurance and two-thirds taxation. Perhaps it is more than two-thirds taxation. Not a quarter of those coming under the Bill will enjoy the benefits of the Bill. I venture to say that two-thirds of those who make payments will not enjoy the benefits. So it is mostly a taxation bill.

Hon. Mr. DANFORD: The representative of the

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Right Hon. Mr. WEIGER: But not Tom Moore.

Hon. Mr. DANFORD: No, I said the representative.

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enjoy the benefits. So it is mostly a taxation bill.

Hon. SKEATON WHITE: May I ask the honourable gentleman a question? Is he not introducing here something that touches the powers of the Senate, when he proposes to make taxation, which the House of Commons controls?

Hon. Mr. DANDURAND: I am coming to that. I say that this is mostly a taxation Bill, and that two-thirds, and perhaps three-quarters, of those people who earn under \$2,00 and come within the Bill do not enjoy the advantages of the Bill. The word "enjoy" is perhaps not the best one to use in this connection, because unemployment is not something that can very well be enjoyed. But to me it is a question of justice. To people earning \$700 or \$900 or \$1,000 or \$1,200 a year the payment of \$13 will be a charge they will feel, while it would not be so heavy to anyone earning over \$2,000. The old precept that everyone must earn his living by the sweat of the brow has gone by the board. It is now a privilege to earn one's living, to work. Why should not all those who are making over \$2,000 chip in? As I have pointed out, great numbers of those earning under \$2,000 a year will be obliged to pay, even though they know that they will obtain no benefits from the fund.

My amendment says that those who have the privilege of returning a net income of \$2,000 or more shall contribute their 25 cents weekly to the fund, without getting any benefit from the fund. Why do I say that? because I think it is their duty to help the helpless. And in the second place, their contributions will make a considerable increase to the fund. I have looked into the number of people who have made returns, and I think there are 85,000 people who are returning on incomes above \$2,000. They would chip in their 25 cents to

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strengthen that fund, to help us out when the next crisis comes. I have been told that we have a crisis at least every fourteen years, but I hope there will not be another within that time. This Bill does not make provision for taking care of present unemployment, because only those who are now employed will contribute and obtain benefits. We are trying to build up a strong fund for the future, and if it is true that the good risks must pay for the weak, I say let all join in. As our friend Mr. Bodds has said, let us all be soaked. And I say without benefit, because I do not want the State to contribute one-fifth of the payments made by those persons who are enjoying an income of \$2,000 or more. The contributions from people in those classes would be free, the State would not be soaked on them. And when I say the State, I mean all of us; the taxpayers would not be required to contribute one-fifth of those payments. Those are the reasons why I want all to join in to sweeten the pot, as Mr. Flintoft said.

Hon. Mr. LAIRD: Mr. Flintoft did not explain that expression. Perhaps you can, Senator.

Hon. Mr. DANDURAND: It means to increase the fund. My friend Senator Smeaton White has asked if the Senate can do that. Well, we have just done it.

Hon. SMEATON WHITE: We have not done it yet.

Hon. Mr. DANDURAND: Yes. We received from the House of Commons a Bill, which I am sure was preceded by a resolution and a recommendation from the Governor General, making it a money bill, providing for a levy upon certain classes of people and at the same time charging the treasury with one-fifth of the payment. The House of Commons passed that measure. We take it up and declare that we will extend its application, to take in classes that were excepted under

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Hon. Mr. LAIRD: Mr. Winstoff did not explain that.
Perhaps you can, Senator.
Hon. Mr. DAMOURAND: It means to increase the fund.
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Hon. SENATOR WHITE: We have not done it yet.
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that measure. We take it up and declare that we will extend
the legislation to take in classes that were excepted under

the Bill as it came from the House of Commons. At the same time we have provided that the treasury shall be charged with one fifth of all those payments. Well, I am not suggesting any extra charge upon the treasury; I am simply saying that this is a taxation Bill, that another class should be brought in. This committee has decided to bring in the financial institution class. I say, let us bring in all who are earning above \$2,000. But my amendment stops outside the door of the federal treasury, it does not call for any State contribution of one-fifth of the amounts paid in by those earning more than \$2,000.

Hon. Mr. GRIESBACH: What evidence have you that the fund needs the sweetening that you have spoken of?

Hon. Mr. DANDURAND: WE are building up a fund that will show its usefulness in years to come--it may be five or ten years, we do not know. When we run into something worse than an ordinary depression, the fund is bound to be in the red, to be deficient. It has been so in every country where they had unemployment insurance. In England the deficiency has run to the amount of 115,000,00 pounds sterling.

Hon. Mr. GRIESBACH: The answer to that is that at this very moment in England they are charging the fund with the deficit, they are charging rates to enable that deficit to be paid back.

Hon. Mr. DANDURAND: But it has not yet been paid back.

Hon. Mr. GRIESBACH: A large amount of it has been paid back.

Hon. Mr. DANDURAND: I am quite sure that when we run into anything worse than the ordinary crisis of lean years that follow the fat years, we shall need some

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Hon. Mr. GRINBACH: A large amount of it has been paid back.

Hon. Mr. DANDURAND: I am quite sure that when we run into anything worse than the ordinary state of loan years that follow the fat years, we shall need some

reinforcements. The whole strength of the fund will be required to meet the payments for the unemployed periods provided for in the Bill, and when those are exceeded we shall have to make further payments. It is said that we shall have to provide a separate fund. Why do we not start in at once to make this fund strong enough to meet a bad crisis, so that in future when we run into a long depression every municipality and province will not be squirming and shaking under the load? As I have already said, we are not attempting to deal with present unemployment, but with unemployment that will arise in the future. So why do we not make this fund strong enough to meet the requirements of the future?

Right Hon. Mr. MEIGHEN: Mr. Chairman, I want to say something on the appropriateness of Senator Dandurand's amendment and the power of the Senate in regard thereto, This is an insurance measure, it is taxation for the purpose of insurance. All taxation measures, all measures involving a charge on the public revenue, must originate in the House of Commons, under the British North America Act. I do not wish anyone to draw the inference that after a taxation measure originates in the House of Commons it thereafter cannot be amended in the Senate.

Hon. Mr. DANDURAND: By reducing.

Right Hon. Mr. MEIGHEN: Or by increasing, perhaps. I do not question the finding of the Senate Committee in that respect. The origination must be in the House of Commons, but an amendment may be made in the Senate, I believe, even though the amendment is to increase. But the House of Commons cannot originate a taxation measure unless that measure is introduced by a resolution and the

reinforcements. The whole strength of the fund will be required to meet the payments for the unemployed periods provided for in the Bill, and when these are exceeded we shall have to make further payments. It is said that we shall have to provide a separate fund. Why do we not start in at once to make this fund strong enough to meet a bad crisis, so that in future when we run into a long depression every municipality and province will not be squinting and shaking under the load? As I have already said, we are not attempting to deal with present unemployment, but with unemployment that will arise in the future. So why do we not make this fund strong enough to meet the requirements of the future?

say something on the appropriateness of Senator Dandridge's amendment and the power of the Senate in regard thereto. This is an insurance measure, it is taxation for the purpose of insurance. All taxation measures, all measures involving a charge on the public revenue, must originate in the House of Commons, under the British North America Act. I do not wish anyone to draw the inference that after a taxation measure originates in the House of Commons it thereafter cannot be amended in the Senate.

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resolution has received first the Royal Assent before introduction.

Hon. Mr. Griesbach; A warrant.

Right Hon. Mr. MEIGHEN: The Royal Assent before introduction. And the power of the House of Commons itself to enact, and certainly our power thereafter, must be within the scope of the resolution. Even the House of Commons cannot go beyond that scope. Ergo, we cannot go beyond it. Now, Senator Dandurand's resolution. He says, we will take people who are not to be insured at all. We do not propose to give them any benefit, but we are going to impose upon them a separate income tax, and after that separate and additional income tax is collected we are going to divert it to this unemployment insurance fund. That is manifestly beyond the scope of the resolution. If we adopted that amendment we would be passing a new income tax, and those who paid it would get no benefit whatever. It would simply be an income tax in another form, and when the tax is collected it has to be diverted into this fund. We cannot do that, nor could the House of Commons do it, under the resolution that was passed. So I do not think there is much use in our discussing it further. I will read the resolution:

"That it is expedient to introduce a bill to establish an employment and social insurance commission; to provide for a national employment service; for insurance against unemployment; for aid to unemployed persons, and for other forms of social insurance and security, and for purposes related thereto; and to provide for such contributions as may be necessary to carry into effect the proposed legislation."

(E follows)

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"That it is expedient to introduce a bill to establish an employment and social insurance commission; to provide for a national employment service; for insurance against unemployment; for aid to unemployed persons, and for other forms of social insurance and security, and for purposes related thereto; and to provide for such contributions as may be necessary to carry into effect the proposed

We cannot go beyond the four corners of that resolution.

Hon. Mr. DANDURAND: But we are taking under this a contribution of---

Right Hon. Mr. MEIGHEN: But you have to collect it before you increase it, and you cannot collect it under the terms of the resolution. You are imposing a new tax, and a new tax beyond the scope of the resolution. The House of Commons cannot do it. You will have to have a separate resolution.

Hon. Mr. DANDURAND: Will my right honourable friend explain what distinction he makes between my resolution and that by which clause 9, excepting---

Right Hon. Mr. MEIGHEN: The honourable member will see that at the very first I did not take the ground that we could not pass an amendment to a Bill which is within the four corners of the resolution; we can pass it even though it increases. Now, what did we do when we struck out the banks from the exceptions? The effect is to increase, but we are still within the scope of the resolution, because they are insured.

Hon. Mr. DANDURAND: It is an increase on the treasury.

Right Hon. Mr. MEIGHEN: No, not at all. They have to pay it. By taking them out of the exceptions they come within the scope of the insurance, and must pay; but it is still insurance.

Hon. Mr. DANDURAND: And the state pays one-fifth of the increase.

Right Hon. Mr. MEIGHEN: The resolution provides for that, but it does not provide for a tax on people who get no benefit at all.

Hon. Mr. DANDURAND: If I strike the words
"Without being beneficiarias"---

Right Hon. Mr. MEIGHEN: If the honourable senator
will prove that those who are to be taxed will get the
benefit, he is within the scope of the resolution.

Hon. Mr. DANDURAND: If I strike out "without
benefit" then I come under the rule.

Right Hon. Mr. MEIGHEN: The senator proposes then
to insure under this Act people who are getting over
\$2,000. I think we can do that constitutionally if the
Committee wishes to do it.

Hon. Mr. GRIESBACH: You would only produce
\$1,130,000, and you have not proved to the Committee
any need of that money yet.

Right Hon. Mr. MEIGHEN: If the Committee wants
to insure people with incomes up to \$50,000 they are at
liberty to do it. If you want to insure people who
are in receipt of \$50,000---and you would do it if you
struck out those words---I will not object on constitutional
grounds.

THE CHAIRMAN: Before we proceed further, I should
like to finish the remainder of Mr. Dodds' suggestions, and
I think the Committee might hear Mr. Watson. The memorandum
supplied by Mr. Watson is a long one, and I think we might
have Mr. Watson give the gist of it in as few words as
possible.

Mr. DODDS: May I say just one word before that?
Senator Griesbach was saying that Senator Dandurand had
not shown the need for this million dollars. It seems to
me you have not shown the need of getting \$450,000 out of
the banks for nothing.

Hon. Mr. DAVIDSON: It is a question of fact.

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Mr. DODGE: May I say just one word before that?

Senator Grisbach was saying that Senator Vandenberg had

not shown the need for this million dollars. It seems to

me you have not shown the need of getting \$450,000 out of

the war fund.

THE CHAIRMAN: Mr. Watson, would you tell us as briefly and succinctly as possible why this type of legislation has to be on a flat rate and not on a basis of equity.

Mr. WATSON: A basis of equity is largely, of course, a point of view of a matter, of definition. I think the most important thing in a measure of this sort is that it should be workable, or reasonably workable. I rather think the more complications that are introduced---and I think dividing industry into many classes would undoubtedly introduce complications--the more difficult would be the administration and the more hazardous the success of the scheme.

I do not know that any very useful parallel is to be drawn between commercial insurance and compulsory insurance under a scheme of this sort. In illustration of that it would perhaps be more helpful to consider something quite apart from unemployment insurance. We might consider sickness, national health insurance, as they have it in England. Under a national health insurance scheme it must be quite clear that all types of risks must eventually be covered under the one scheme. They do not reclassify risks when they break down in health. Doubtless if one were to analyze the persons who receive benefit under the National Health Insurance Scheme in England he would find that a very substantial portion of the claimants were claiming the maximum benefit every year. Those people are in poor health. They are able to work sufficiently to qualify and claim the maximum. Nevertheless, under a national scheme, to be carried on soundly, there must be a uniform rate of

...and as a result of this type of discrimination has to be on a flat rate and not on a scale of equity.

MR. WATSON : And also to equity at present.

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contribution from all risks.

The subject may be considered, of course, from many points of view, and I do not wish to take much time. If we look to the future and consider the employees' point of view, it is quite unknown to the employee who enters industry, or to anybody, broadly speaking, what industries he will be engaged in throughout his life. It is much the same as if a national life insurance scheme were being started. No one would know in advance what his occupations were going to be or what his health was going to be. Nevertheless, stability can be obtained by fixing a premium which would cover the average risk on entry to life insurance, without any change due to change of occupation or physical condition in the future. In somewhat the same way I think it is not unreasonable to take the view that young people on entering industry enter the unknown in the same way; so, likewise, a uniform contribution may properly be defended, no matter what industry they may enter or shift to. Likewise, considered in a broad way, it seems to me that the hazards of individual industries are such that one cannot usefully determine in advance what the hazards are going to be for a considerable time. It is true that at the present moment a large number of industries are in serious difficulties, but the vicissitudes of any industry may not follow the general run of industry. For example, within the memory and experience of many here, there is the shipbuilding and shipping industry of the Maritime Provinces and Quebec prior to 1870. I think it was about then, perhaps, that difficulties set in; but nobody would have guessed previous to those days that shipbuilding and shipping could have suffered the fate which has overtaken

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them.

Likewise, take the coal industry in England. A very strong case was made by the employers some years ago that they should be excepted from the national scheme in England. Employment was regular; there was no need to include them in the scheme. No industry in England, perhaps, has been harder hit than the coal industry.

So, to establish in advance a satisfactory rate for many industries would not be practicable; and when a particular industry gets into difficulties the burden on that industry of looking after the people employed therein would be very great.

I have not touched upon the serious difficulties there would be if this matter of contracting out were extended to any great degree. The difficulties might not be very serious for banking and insurance, because probably there are not many transfers from those businesses to other employments. But in this country there is a great deal of shifting from one industry to another; in fact, many people work part of the year in one industry and part of the year in another. I do not need to emphasize the fact that the problem of insurance, therefore, would be very great indeed.

Right Hon. Mr. MEIGHEN: On a varying rate.

Mr. WATSON: On a varying rate, certainly, or on any rate, because whatever the rate might be---this is another aspect---when a man becomes unemployed it would not be correct to charge his unemployment to the particular industry in which he happened to become unemployed.

Perhaps some wrong conclusions have been drawn in respect of that on the analogy of workmen's compensation. Under workmen's compensation there is no difficulty in

dealing with industries; it is probably just as easy to deal with workmen's compensation by industries as by all industries together, the reason being that industrial accidents and industrial diseases are directly chargeable to particular industries. The prior industrial history of a man injured on a particular job while working for a particular employer is of no consequence or importance at all in determining what the charge should be. It is a day to day scheme of insurance, and more than that, the particular industry has control over the industrial accidents and industrial diseases to an extent that bears no relation at all to the responsibility of an employer over unemployment. By taking care, establishing safety devices, disciplining employees and all that sort of thing, industrial accidents and diseases can to a large extent be eliminated, and to the extent that they cannot be eliminated they are properly chargeable to the industry in which they occur. But where a man's benefit depends on his employment record, it is not a day to day affair. If I take a job brick-laying and fall off a building, that is not in any way dependent upon my previous employment.

You cannot carry on unemployment insurance in that fashion at all, and to break up industry into a number of water-tight compartments would undoubtedly increase the difficulties very much.

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You cannot carry on unemployment insurance in that fashion at all, and to break up industry into a number of water-tight compartments would undoubtedly increase the difficulties very much.

(T follows)

(Mr. Watson)

Senator Black reminds me of something I mentioned to him privately. At the present time the Bank of England is laying off 1,000 employees by reason of mechanization of accountancy and all that sort of thing. I merely mention that as an instance to show the possibilities of unemployment arising anywhere. I should also state that is quite true, that the Bank of England is looking after those employees in a very handsome way. They have been given the choice of receiving 2 a week for life or a lump sum of 2000 pounds sterling.

Perhaps if some members of the Committee would ask further questions I might recall any omissions in my statement.

The CHAIRMAN: Does any person desire to ask Mr. Watson any questions? If not, we will go on with the consideration of Hon. Mr. Dandurand's motion.

Hon. Mr. Dandurand; In view of the statement of my right honourable friend that my amendment does not come exactly under the resolution passed by the House of Commons, I will strike out the last words "without being a beneficiary under this Act.", so that everyone in receipt of a taxable net income of \$2,000 will chip in his quarter a week. I have indicated how he would do it through his income tax payment. This would be the cheapest way of getting that subscription without charging the administration a considerable cost of collection.

Hon. Mr. GRIESBACH: What benefit will he draw?

(Mr. Watson)

Senator Black reminds me of something I mentioned to him privately. At the present time the Bank of England is laying off 1,000 employees by reason of mechanization of accountancy and all the rest of it. I should also state that is quite true and the fact is that in certain cases the choice of receiving 8 a week for life or a lump sum of 100,000 is being offered.

Perhaps if some members of the Committee will ask Mr. Watson some questions I shall be able to answer them.

The CHAIRMAN: Does any person desire to ask Mr. Watson any questions? If not, we will go on with the business of the day.

ment of my right honorable friend that my amendment does not come exactly under the resolution passed by the House of Commons, I will strike out the last so that everyone in receipt of a taxable net income will pay 10 per cent of the tax on his income. I have indicated how he would do it through his income tax payment. This would be the cheapest way of getting a considerable cost of collection.

Hon. Mr. GRIFFITHS: What benefit will he draw?

Hon. Mr. DANDURAND: Practically none, but he will be helping the under-dog. Two-thirds of those coming under this measure will be doing so. I do not see any objection. On the contrary, it seems to me simply common justice. Under this Bill over two-thirds of the contributors will pay for the one-third who may suffer unemployment.

Hon Mr. GRIESBACH: Can you prove that by evidence?

Hon. Mr. DANDURAND: To-day we have 20 per cent of our working population out of work. Is not that a fair statement?

Right Hon. Mr. MEIGHEN: I could not say as to that. Mr. Moore could give us that information I presume.

Hon. Mr. DANDURAND: That is the figure given to me. So you have the average in times of dire depression of those out of work. Those who are working will pay for the 80% who are unemployed.

Hon. Mr. GRIESBACH: Those people are not under the purview of the Bill.

Hon. Mr. DANDURAND: But we are working for some years hence.

Hon. Mr. GRIESBACH: You have 1,7000,000 within the scope of this Bill. You say two-thirds of those people are not likely to be unemployed and their contributions will be for the benefit of the others.

Hon. Mr. DANDURAND: Yes, and the helpless.

Hon. Mr. GRIESBACH: That is a very important statement, and it will be quoted all over the country. What evidence have you that it is true?

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Hon. Mr. DANDEN: Yes, and the balance.

Hon. Mr. GRISHAM: That is a very

important statement, and it will be quoted all over

the country. What evidence have you that it is true?

Right Hon. Mr. GRAHAM: The average of unemployment during a great depression.

Hon. Mr. DANDURAND: The average, as my right honourable friend from Eganville says. So you are simply evening up the whole population, since most of the people to be taxed will be taxed for the helpless, for the ones who will have the misfortune of coming under this Bill. Even if the statement of my right honourable friend is true, well, you are having the man who is saving \$50,000 paying his quarter. He will not benefit. What of it? Let him chip in his quarter.

Right Hon. Mr. MEIGHEN: Who will benefit?

Hon. Mr. DANDURAND: Some will if they fall down.

Hon. Mr. COTE: Under your amendment as amended you say to the employer who has a taxable income of more than \$2,000, "You are going to contribute \$13 a year through your income tax."

Hon. Mr. DANDURAND: Yes, . . . It is added to his income tax.

Hon. Mr. COTE: That means the employer of that employee will not contribute \$13 a year for him?

Hon. Mr. DANDURAND: No, it is one class by itself.

Hon. Mr. COTE: Yes, a class by itself, a class in which a man will contribute his \$13 by income tax, but the employer will not contribute.

Hon. Mr. DANDURAND: He is free just now. Under this Bill it is only those below \$2,000 who contribute.

Hon. Mr. COTE: He is free from the operation of the Act if he has a salary of over \$2,000, but he

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of the Act if he has a salary of over \$2,000, but he

will never draw from the fund, which is made up of the employer's contribution, the employee's contribution, and the State's contribution. He will never draw from that fund. But under your amendment you give the man who has more than \$2,000 a year the privilege to pay his contribution, and he will draw from that fund, to which his employer has not contributed, on the same basis as those already under the Act. That is absolutely unfair, because it is just as likely that the incidence of unemployment will be as large in that class of people who are paid more than \$2,000 a year salary as in the class earning from \$1,500 to \$2,000. The reason why they are being exempted is not that their incidence of unemployment is going to be lower; they are being exempted because it is said, "Well, out of a salary of \$2,000 a man ought to be able to save enough money to be his own insurer." That is the principle. You are dislocating the whole thing by the amendment. He contributes; his employer does not. He walks in and says, "I am going to get out of this fund some benefit, a fund contributed to by the State, the employee and the employer."

Hon. Mr. DANDURAND: But I do it because I believe the incidence of unemployment in that class will be negligible, and I say, let everyone pay his quarter. In an institution you will have hundred of men below the \$2,000 mark who are paying, feeling secure, and yet walking around them are men earning more than \$2,000 and not contributing to the fund.

Hon. Mr. WHITE (Inkerman): Oh, yes, they are.

Hon. Mr. DANDURAND: I say, let them pay like those below them.

Hon. Mr. WHITE (Inkerman): They are paying income tax.

will come from the fund, and the State's contribution, and the State's contribution. He will never draw from that fund. But under your amendment you give the man who has more than \$2,000 a year the privilege to pay his contribution, and he will draw from that fund, to which his employer has not contributed, on the same basis as those already under the Act. That is absolutely unfair, because it is just as likely that the incidence of unemployment will be as large in that class of people who are paid more than \$2,000 a year salary as in the class earning from \$1,500 to \$2,000. The reason why they are being exempted is not that their incidence of unemployment is going to be lower; they are being exempted because it is said, "Well, out of a salary of \$2,000 a man ought to be able to save enough money to be his own insurer." That is the principle. You are dissecting the whole thing by the amendment. He contributes; his employer does not. He walks in and says, "I am going to get out of this fund some benefit, a fund contributed to by the State, the employer and the employer."

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Right Hon. Mr. MEIGHEN: Your amendment involves all persons getting an income of over \$2,000?

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: In a great many cases you will have people taxed who are not employed at all. A retired farmer with an income of \$2,000 is not employed anywhere. How is that unemployment insurance?

Hon. Mr. DANDURAND: He contributes his quarter.

Right Hon. Mr. MEIGHEN: That is another subject altogether. It is not unemployment insurance at all.

Hon. Mr. DANDURAND: But we are forming a fund for unemployment insurance.

Right Hon. Mr. MEIGHEN: If we think those persons are not taxed sufficiently, we should tax them more under the Income Tax Act. Heaven knows they are taxed enough now. But don't tax them under the guise of unemployment insurance. They are never employed.

Hon. Mr. DANDURAND: But you are giving negligible exceptions there.

Right Hon. Mr. MEIGHEN: No, there will be tens of thousands not employed at all.

The CHAIRMAN: There is another thing that appeals to me in this. We are still going to have a large group of unemployed who do not come under this Act.

Right Hon. Mr. MEIGHEN: And for whom the State has to provide.

THE CHAIRMAN: Yes. The State has to provide for them very largely by income tax. People earning over \$2,000 a year are going to contribute to that income tax. It seems to me it is putting dual taxation on

Right Hon. Mr. MEIGHEN: Your amendment involves all persons getting an income of over \$3,000?

Hon. Mr. DANDURAND: Yes.

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Right Hon. Mr. MEIGHEN: And for whom the

THE CHAIRMAN: Yes. The State has to provide

that class without very much justification.

Hon. Mr. GRIESBACH: Question.

The CHAIRMAN: Are you ready to consider Senator Dandurand's motion?

Some Hon. MEMBERS: Question.

THE CHAIRMAN: The motion will read as follows:

"In order to help maintain the unemployment insurance fund every person who is in receipt of a net income of \$2,000 and over, and who annually is called upon to pay to the Federal Treasury an income tax under the Income Tax Act, shall add to his annual income tax report a sum of 25 cents per week, totalling \$13 per year, to be paid at the same time as his income tax."

Hon. Mr. MURDOCK: Where is that amendment to be inserted?

Hon. Mr. DANDURAND: It is proposed as (d) to Part I of the schedule.

The CHAIRMAN: There is a (d).

Hon. Mr. MURDOCK: What are you going to do with (n) of Part II on page 32 of the Bill? That deals with the same principle. If an amendment of this kind is to be dealt with, why should you not deal with the(n) exception?

Right Hon. Mr. MEIGHEN: The only way would be to increase that \$2,000.

The CHAIRMAN: We will adjust that later.

Hon. Mr. MURDOCK: It seems to me that this proposal, as I get it, can do nothing more nor less than make the whole unemployment insurance scheme ridiculous.

Right Hon. Mr. GRAHAM: More than it is now?

that class without very much justification.

Hon. Mr. GRISHAM: Question.

The CHAIRMAN: Are you ready to consider

The CHAIRMAN: The motion will read

as follows:

"In order to help maintain the unemployment

insurance fund every person who is in receipt

of a net income of \$2,000 and over, and who

annually is called upon to pay to the Federal

Treasurer an income tax under the Income Tax Act,

shall add to his annual income tax report a sum

of 25 cents per week, totaling \$13 per year,

to be paid at the same time as his income tax."

Hon. Mr. MURDOCK: Where is that amendment

to be inserted?

Hon. Mr. DANDRABAND: It is proposed as (d)

to Part I of the schedule.

The CHAIRMAN: There is a (d).

Hon. Mr. MURDOCK: What are you going to do

with (n) of Part II on page 32 of the Bill? That deals

with the same principle. It an amendment of this kind

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The CHAIRMAN: We will adjust that later.

Hon. Mr. MURDOCK: It seems to me that this

proposal, as I got it, can do nothing more nor less than

make the whole unemployment insurance scheme ridiculous.

Hon. Mr. GRISHAM: More than it is now?

Hon. Mr. Murdock: Yes, far more. Here is a gentleman who gave us a very nice logical argument a little while ago, as I understood, about exempting banks and financial institutions. It seemed to me that the gentleman---and, I think, many others have got away from the real text of this Bill, as I understand it. Mr. DODds preached a very logical and consistent sermon on the text that charity begins at home. That is logical and consistent, and it has come down to us through the ages; but the text we are dealing with here is; Am I my brother's keeper? Yes. This Bill contemplates nothing more nor less than assessing those in employment for those less favoured and possibly out of employment. But surely we are going to make the whole Bill illogical and inconsistent by adopting this new provision proposed by my leader. It will not do because it undermines the fundamental principle of the entire Unemployment Insurance Act, which is that those who have and are working will pay the ante into the pot, as I heard somebody say, for those who are less favoured. For instance, the work I have done on earth has been largely in the railroad game. There will be thousands in the years to come in the railroad game who will put their ante into the pot every week, and presumably, having regard to all known conditions, they will never draw a cent out of it.

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(2 follows)

In Canada there are probably from 30 to 60 per cent, depending upon the point of location, of railroad men unemployed. I do not think I exaggerate when I say that. Right here in the vicinity of Ottawa 60 per cent of the men on the seniority roster have not got a job and have not had a job for some time. I plead with you, honourable members, not to make this thing illogical and inconsistent with the whole intent. Let us not pass a bill in a form that will give the critics, who are only too ready to criticize and complain, a further ground for arguing that the measure is unfair and illogical.

Hon. Mr. DANDURAND: Are you in favour of striking out paragraph (n) in Part II?

Hon. Mr. MURDOCK: In respect to certain railroad men, who under existing and past conditions have been making more than \$2,000 a year, they should put their ante in the pot. I am not sure that that condition is not going to be changed with the application of this Bill and the provisions of Bill 21, which is to come before the Committee in a little while. It may be that in a little while there will not be a large proportion of railroad men earning over \$2,000 a year. If there is, of course they should put their ante in the pot to help out the other.

Mr. DODDS: I would like the senator to know that as far as being my brother's keeper, I have my fellow men at heart just as much as he has.

Hon. Mr. MURDOCK: I believe that, sir.

Mr. DODDS: I would also like it to be known that long before an unemployment insurance bill was brought before the House of Commons, the people for whom I work, that is the Bank of Montreal, suggested

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Mr. DODDS: I would also like it to be known

that long before an unemployment insurance bill was brought before the House of Commons, the people for whom I work, that is the Bank of Montreal, suggested

that it should be done. But what we do object to is that people who will not get any benefit will be asked to pay a great deal for nothing.

Hon. Mr. MURDOCK: You were not here, Mr. Dodds, I think, when this same argument was before the committee with respect to certain financial institutions and the clerical staffs of other institutions, who unquestionably would prefer to take care of their own employees; and it would cost them less money and it would cost their employees less money. But that is not the question here. There are people in special circumstances, and the question is whether they should be asked, in the conditions prevailing in Canada to-day, to help take care of people less favoured. There are people in the favoured classes in the Bank of Montreal, in the Canadian Pacific Railway, in the T. Eaton Company--I mean people who are not likely to be unemployed, who will be taken care of. And we say that they should put in an ante to take care of those in other industries who are not so specially favoured.

The amendment of Hon. Senator Dandurand was negatived.

Hon. Mr. DANDURAND: I may renew my effort when we come to paragraph (n) of Part II.

THE CHAIRMAN: Are there any members of the committee who would like to ask Mr. Dodds anything with regard to his submission? If not, we will go on with the Bill.

Right Hon. Mr. MEIGHEN: If it should be the will of the committee to carry out Mr. Dodd's idea, it would be necessary to do one of two things: Either

that it should be done. But what we do object to is that people who will not get any benefit will be asked to pay a great deal for nothing.

Hon. Mr. MURDOCK: You were not here, Mr. Bodda,

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so favourably treated.

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Hon. Mr. DAWSON: I may renew my effort when

we come to paragraph (n) of Part II.

THE CHAIRMAN: Are there any members of the committee who would like to ask Mr. Bodda anything with regard to his amendment? If not, we will go on with the Bill.

Right Hon. Mr. MURDOCK: It it should be the will of the committee to carry out Mr. Bodda's idea, it would be necessary to do one of two things: Either

restore paragraph (f) or to put Mr. Dodd's amendment, or some modified form of it, as a new section after section 38, or somewhere else.

Hon. SMEATON WHITE: Has paragraph (f) been taken out?

THE CHAIRMAN: Yes.

Hon. Mr. DANDURAND: Then is it not in order to consider the amendment suggested by Mr. Dodds?

Right Hon. Mr. MEIGHEN: Yes, we could consider it, if some member wishes to move it.

Hon. SMEATON WHITE: I move Mr. Dodd's amendment be added as section 38A.

Right Hon. Mr. GRAHAM: That does not interfere with our taking the banks out of the excepted class.

Right Hon. Mr. MEIGHEN: It provides a means by which they could submit a special scheme after the Bill gets into operation. Mr. Dodd's amendment contemplates complete industries. There are one or two places, I think, where an amendment will be necessary to provide for parts of industries coming in under this. For instance, the clerical staff of the Canadian Pacific Railway might want to come in under it.

THE CHAIRMAN: As I understand that amendment, it would allow any group of retailers to make application.

Right Hon. Mr. MEIGHEN: Yes, the whole industry.

Hon. Mr. MURDOCK: Would not this allow the Eaton employees to come in?

Right Hon. Mr. MEIGHEN: Yes, I am not saying I am in favour of it, but assuming we decide to let the Commission consider special plans, then we should

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Hon. Mr. MUNDOCK: Would not this allow the

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Right Hon. Mr. MICHEN: Yes, I am not saying

I am in favour of it, but assuming we decide to let

the Commission consider special plans, then we should

provide that it could consider a special plan adaptable to a part of any industry. For example, we should make it possible for the Canadian Pacific Railway to come forward and say, "As to our clerical staff in our big offices, Montreal, Winnipeg, Vancouver, and so on, we propose a special plan adaptable to them, and we want you to consider it." The great argument against this amendment suggested by Mr. Dodds, which has now been moved, is that while there are perhaps not other whole industries in the same position as the banks, there are immense sections of other industries, like the clerical staff of the Canadian Pacific Railway, that are. We have first to decide whether we are to permit special plans, and if we decide that we are ready to do so, then we ought to go into this amendment and put it into shape acceptable to the Committee.

Right Hon. Mr. GRAHAM: If we adopted this amendment and made the other amendments, as suggested, what difference would there be between this measure and the British Act?

Right Hon. Mr. MEIGHEN: There will be very little difference in this respect. As Senator Griesbach pointed out, the British began by allowing special plans, and the Chairman has read the results that they have had over there, as disclosed by the Royal Commission report. Generally, they are not in favour of allowing out any industry that already is in, and are not in favour of cancelling any plan that was already approved. They quote with approval this statement from the ~~from the~~ report of the Blanesburgh Committee:

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 adaptable to a part of any industry. For example,
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"As regards the existing special schemes, we are in a position of some embarrassment. On the principle which we favour, the special schemes for the insurance industry and the banking industry ought not to be allowed to continue. We have, however, come to the conclusion that, while we should deprecate any further application of the principle of special schemes as provided by the Act of 1920, nevertheless, in the particular circumstances, these schemes should not now be interfered with. The provision of the 192- Act, under which they were sanctioned, was quite legitimately taken advantage of by those concerned, and it would not we think, at this distance of time, be fair to withdraw from them the privileged position so acquired."

Hon. Mr. GRIESBACH: In section 7 of the Bill provision is made for a report by the Commission on the possibilities of extending unemployment insurance to those excluded from the operation of the Bill now. The whole of this proposal here might be brought in in a very short sub-section to provide that the Commission may investigate special schemes for special industries, if the Commission sees fit.

Right Hon. Mr. MEIGHEN: Is your suggestion that the Commission should be permitted to make inquiries into the wisdom of any special plan, and if they decide that it is wise, to recommend amendments to the Act?

Hon. Mr. GRIESBACH: Quite so. I would be willing to consider that as an amendment.

"As regards the existing special schemes, we are

in a position of some embarrassment. On the principle which we favour, the special schemes for the insurance industry and the banking industry, however, come to the conclusion that, while we should deprecate any further application of the principle of special schemes as provided by the Act of 1930, nevertheless, in the particular circumstances, these schemes should not now be interfered with. The provision of the 1930 Act, under which they were sanctioned, was quite justified in the circumstances, and it would not be fair to withdraw from them the privileged position so acquired."

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That is all that is required. It is not necessary that the Commission should be permitted to make inquiries into the wisdom of any special plan, and if they decide that it is wise, to recommend amendments to the Act? to consider that as an amendment.

Mr. DODDS: That would simply mean that the Commission would sit down and say "We will let go this \$450,000."

Hon. Mr. GRIESBACH: You would have to take your chances on that. Under section 7 the Commission is empowered to do a great many things for the purpose of making the Bill workable, and so on. I see no objection to a clause authorizing the Commission to make investigations.

Right Hon. Mr. MEIGHEN: You are suggesting, Mr. Dodds, that once the Commission is in possession of the \$450,000 it would not let it go. But there would be the same situation under your amendment.

Mr. DODDS: No, because under my amendment they would not have the money.

Right Hon. Mr. MEIGHEN: Yes, they would. Your amendment says that they may adopt a special plan. But they may not do so. The only difference between Senator Griesbach's suggestion and yours is, that under his suggestion the Commission would have to come back for an amendment to the Act before they could adopt the plan, but under yours they could adopt it right away.

(H follows)

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THE CHAIRMAN: Mr. Watson wants to give us a little information on something that he seems to have omitted with regard to the basis on which the first schedule is founded.

Mr. WATSON: I find that I really did not touch upon that at all, and I think it is a matter of great importance.

If you will look at the first part of the first schedule, paragraph (a), page 31, you will notice that the enacting provision brings within the ambit of the Bill all persons who work under a "contract of service".

That phrase "contract of service" is very important.

It is not a contract for services. A contract for services would include clergymen, teachers, civil servants, and so on.

Right Hon. Mr. MICHEN: It would include lawyers and doctors.

Mr. WATSON: It would include persons that one would never think of under an employment insurance scheme at all.

When you come to the exceptions in the schedule you will find, I think, those exceptions are made with a view to removing any doubt there might be concerning the enacting portion in Part I. When teachers in universities are excluded in part II, it must be, clearly, to leave no doubt in our minds. The same thing applies, in some respects, I think, in regard to non-manual workers getting more than \$2,000. They are, shortly speaking, under a contract for services, not a contract of service. Keeping that in mind we get, I think, a somewhat clearer view of the basis of this schedule.

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I would look at it from another point of view. There would not be any use in bringing within insurance persons who might have no prospects, no reasonable prospects, at all events, of obtaining employment by registering at an employment exchange. A university professor or teacher, or a non-manual worker earning \$2,000, would have practically no opportunity to get employment through an employment office. On the other hand, a stenographer might well register and be employed the next day by the Bank of Montreal. When you come to the more specialized, the higher class of employees, employers do not look for them there; there are other agencies established for getting them. So, I think if we consider those two aspects of the subject---the contract of service, and the possibility of obtaining employment through an employment office---we will probably come to the conclusion that these exceptions are pretty well founded. Possibly the schedule should be founded on other principles, but I do not think it would be of much use to purport to bring within the insurance persons who were under contract for services. The Act would not apply to them; they would not bother registering; they would get no work in that way; and we must not lose sight of the fact that the Act is not one alone for providing insurance benefits, it is one for providing employment.

THE CHAIRMAN: Now, gentlemen, you have heard the resolution read and moved by Senator White. Are you ready for the question? Those in favour of the adoption of 38-A as a new section of the Bill, please say aye.

Some Hon. Senators: Aye.

THE CHAIRMAN: Those opposed?

Some Hon. Senators: Nay.

I would look at it from another point of view.

There would be no question of it being a universal law.

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Some Hon. Senators: Aye.

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Some Hon. Senators: Nay.

Hon. Mr. DANDURAND: There has hardly been any clear expression of opinion on the part of the Committee.

THE CHAIRMAN: I think we must make some progress. We will have a show of hands.

Hon. Mr. DANDURAND: I should like to know from Mr. Watson what effect this amendment would have on the scheme as brought to the Senate.

Mr. WATSON: It would depend on the extent to which the Commission availed itself of the power; if it avails itself of the power widely it would mean that the charge for unemployment insurance benefits would become, I would say, unbearable for the occupations in which there is heavy unemployment. The rates set out in the Bill would have to be increased very greatly. I do not attempt to guess what the increase would be. Of course, under that provision the Commission would not need to set. I notice by the very first words that action by the Commission is predicated on the insurance being provided more satisfactorily under special schemes than otherwise. Satisfactorily for whom? After all, that is a very broad issue. It might be more satisfactory for the employers and employees in a particular group, but not more satisfactorily generally speaking for the rest. That may be a criticism of the wording.

Right Hon. Mr. GRAHAM: I think that would mean for the particular group. I think that is what is intended.

Mr. WATSON: I do not wish to appear to be taking sides in an issue of this sort, but I suppose an issue of this kind must be looked upon mainly in its national aspects. As I explained very briefly before, unemployment

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is a problem for industry as a whole rather than for a particular industry, whereas workmen's compensation is chargeable to a particular industry. The individual employer or industry has relatively little control over unemployment, and if a particular employer does make his employment more stable there is a prospect that the employees of some other industry are less secure. We have only to think of matters investigated by the committees of the Senate and the House this year. For example, it has been represented that the advent of chain stores upset other stores. If a certain employer or industry stabilizes it may be worse for someone else. So it is probably quite correct to say that on the whole the individual employer and the individual industry has but little responsibility. Furthermore, take tariffs, and the effect they may have. A tariff of our own or of a foreign country may virtually destroy an industry. The employers in that industry are not chargeable. If a foreign country destroys our industry by tariff, it is just too bad. The aspects are so broad and so big it is probably not possible in a few minutes to really make the case complete.

Mr. DODDS: You did not wish the Committee to think that this proposal would increase the rates. That is not the case. The rates are already fixed with the banks out.

Mr. WATSON: Yes.

Mr. DODDS: But if the banks had a separate scheme---

Mr. WATSON: I would be prepared to leave the rates as they are. Quite right. This Bill was made up on the exclusion of the banks, on 1,700,000 employees, and if the computation was made over I do not think the inclusion of the banks would reduce the contribution of male employees one cent a week.

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Mr. DODDS: I would be the last person to come and say a thing should be given to me alone, if it is right.

THE CHAIRMAN: Now, do you wish a show of hands on this resolution?

Hon. Mr. GRIESBACH: What resolution is this?

Hon. Mr. DANDURAND: We are always turning in the vicious circle of the unknown. Mr. Watson says; "I don't know who you will leave out or who you will bring in; just now my scheme stands squarely and logically, and is self-sufficient. It all depends on who you leave out of the scheme." I have felt that the stronger we could make the contribution the surer we would be of providing for the future, but there is the statement of Mr. Watson that he does not know where we will be, it will depend on the action of the Commission. The Bill which came from the Commons says "this is orthodox," If we increase it, I feel that in justice to all everybody should carry his load; but now I do not know, and nobody knows where we stand under the Act, because nobody knows how it will pan out in the future. I have the feeling that in times of great stress it would fall far short, but I am answered that under these circumstances another fund will be provided.

Hon. Mr. MURDOCK: May I ask a question, Mr. Chairman? I am not a member of the Committee, but I think you would rather have me ask some questions now and do some arguing here than later in the Senate.

Before we adjourned some time ago I understood that we had got well past section 38. I understood that we excluded clause (f) from Part II and decided that the banks, mortgage companies, loan companies, and such, and insurance and other financial companies, were to carry their share of

right.

THE CHAIRMAN: Now, do you wish a show of hands on this resolution?

MR. GRIBBARD: What resolution is that?

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the last incident to the application of this unemployment insurance scheme for the benefit of employed workers who in the future might become unemployed.

(J follows)

(Hon. Mr. Murdock)

Mr. Dodds in his statement to the Committee this morning has given concretely for the banks and their employees what it means to strike out clause (f).

He says, in other words, the banks and their employees would have been required to contribute to the

unemployment insurance fund \$450,000 more in 1934 than would have been paid out in the form of benefits. So that the cost to the banks and their employees would have been no less than sixteen times more than the benefits received. It seems to me that that is a splendid argument in favour of the adoption of the scheme as it has been proposed. In other words, from

those that have we are going to secure \$450,000 more by the inclusion of the banks from those who have not.

This morning I am altogether surprised as a non-member of the Committee whence comes this going back into something that had already been settled.

Hon. Mr. GRIESEBACH: That is a way the Senate has.

Hon. Mr. MURDOCK: Is it the result of some facts that will make the average mind throughout the length and breadth of Canada regard this unemployment insurance scheme as less acceptable than it has been? If so, I do not think we should tolerate it.

The CHAIRMAN: Senator Murdock, any committee always has the right by a majority to re-consider any section that has already been passed. That is the method upon which we work.

Hon. Mr. MURDOCK: I agree with that, Mr. Chairman. But you won't forget that you had definitely

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Mr. Dodds in his statement to the Committee this morning has given concretely for the banks and their employees what it means to strike out clause (f). He says, in other words, the banks and their employees have been required to contribute to the cost of the plan. It would have been paid out in the form of benefits. So that the cost to the banks and their employees would have been no less than sixteen times more than the benefits received. It seems to me that that is a splendid argument in favour of the adoption of the scheme as it has been proposed. In other words, from those that have we are going to secure \$480,000 more by the inclusion of the banks for those who have not. This morning I am altogether surprised as a non-member of the Committee whence comes this going back into something that had already been settled.

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Hon. Mr. MURDOCK: I agree with that, Mr.

Chairman. But you won't forget that you had definitely

before passed upon this question of \$2,000.

THE CHAIRMAN: We are getting to it now.

Hon. Mr. MURDOCK: My only hope is that after having dealt, certainly as I thought, with the fundamentals and having decided to have it ready for submission to the House, you won't make it necessary for us to undertake to argue it out there. I hope there will be some reasonable stand on principles and essentials that have already been recognized and adopted.

The CHAIRMAN: WE have not changed very much so far any of the principles we adopted previous to the Easter adjournment. I want to have this clearly settled. Take this 38 (a) as moved by Senator White--

Hon. Mr. WHITE(Inkerman): I should like to amend that by saying that I move that section 38 (a) be adopted by making such changes therein as may be necessary.

Right Hon. Mr. MEIGHEN: That is understood.

The CHAIRMAN: That was understood before.

Those in favour of the adoption of proposed section 38 (a) will please hold up their hands.

Right Hon. Mr. MEIGHEN: I shall be compelled to vote against the amendment, for the reason that it is a declaration in favour of the principle of contracting out. I have not been convinced that it is sound, largely due to the findings of the British Royal Commission. At the same time I would not object, in the position I hold, to go as far as Senator Griesbach has suggested and permit the Commission to consider this question with their more expert assistants, which they doubtless will have. But I do not think we ought at this time to launch upon a principle which clearly is frowned upon in all the reports of the British Commissions. I am not convinced we ought to do that. I realize the strength of the case presented

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by Mr. Dodds. Really the solution he advises is this; "On this ground permit the Commission to let us out." Logically he has to go further, and he does: "If others can show they are in the same position as we are, permit the Commission to let them contract out too." There is the weakness. You go on from that to the next fellow, and he can make out the very same case. It will be only a matter of degree. He may not be in as good a position as the banks, but he will be in a far better position than the average man. Eventually you have what? Everybody contracted out except bad risks, and you have creashed the scheme. Therefore I cannot take responsibility for the Committee making a declaration which is really in favour of a contracting out system. But it is a different thing to instruct the Commission to inquire into the matter and, if they feel that a more equitable system can be worked out that way, to recommend it the same as they recommend that others be included that are not now included. I know that is not going very far because there has to be new legislation before it can be availed of. But is it not sound that it should be so before we declare in favour of a principle which, as far as we can see, is going to lead the plan into a very precarious position? It may be the Commission will find it can go a certain length and still maintain the integrity of the whole plan. I have no objection at all to putting the Commission in the position where it will be its duty to inquire if it can give a certain direction and stop, and thereby produce a more equitable situation for the banks and insurance companies.

Right Hon. Mr. GRAHAM: That does not commit

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Right Hon. Mr. GRAHAM: That does not commit

Parliament.

Right Hon. Mr. MEIGHEN: No, except it leaves the door open so that the Commission can consider the matter. If they feel some should be included they can recommend that they be included; if they feel some should be excluded they may make a recommendation to that effect.

Mr. DODDS: You never know the door is open unless you try the handle.

Right Hon. Mr. MEIGHEN: Perhaps not, but for the life of me I cannot see how we can do more.

Hon. Mr. MICHENER: With regard to the last suggestion, if this Bill is enacted it is within the jurisdiction of Parliament to amend it at any time, so why include that?

Right Hon. Mr. MEIGHEN: Just for the reason the other is included, in order that the Commission will feel it to be part of their duty to consider whether there should be others in who are not, and whether there should be some out who are in, and to recommend accordingly.

Hon. Mr. LITTLE: But is it not the idea that this should be a national scheme and in future, if necessary, that its scope should be widened? It should not be narrowed.

Right Hon. Mr. MEIGHEN: Yes, but they are the people to make recommendations.

The CHAIRMAN: Those in favour of the proposed amendment will hold up their hands, that is, section 38 (a) as read by Mr. Dodds and as moved by Senator White.

Yeas 1; nays 11.

The CHAIRMAN: The amendment is lost. Well,

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Right Hon. Mr. MINCHEN: No, except it

It does open so that the Commission can consider it.

correct. It was not your words or actions that

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with a 100% success rate. The authors conclude that the use of a single, standardized, and validated instrument for the assessment of the patient's functional status is essential for the development of a patient-centered care plan.

Journal of Interpersonal Violence 28(12)

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Stichting voor de Erfgoedzorg

Mr. Dodds, we appreciate your attitude and admire the strong argument you put up for your case.

Mr. DODDS: I appreciate the very nice way you all listened to me.

Right Hon. Mr. MEIGHEN: You still have the Commons to go to.

The Committee adjourned to meet again this afternoon when the Senate rises.

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Journal of Interpersonal Violence 26(10)

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